

# Q3

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TeliaSonera Interim Report  
January–September 2014

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## Steady performance

### THIRD QUARTER SUMMARY

- Net sales in local currencies, excluding acquisitions and disposals, decreased 2.0 percent. In reported currency, net sales increased 0.2 percent to SEK 25,464 million (25,416). Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.6 percent.
- EBITDA, excluding non-recurring items, decreased 0.9 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 0.2 percent to SEK 9,439 million (9,419). The EBITDA margin, excluding non-recurring items, was stable at 37.1 percent (37.1).
- Operating income, excluding non-recurring items, decreased 5.9 percent to SEK 7,266 million (7,721).
- Net income attributable to owners of the parent company decreased 12.2 percent to SEK 4,073 million (4,641) and earnings per share to SEK 0.94 (1.07).
- Free cash flow decreased to SEK 6,387 million (7,308) due to higher cash CAPEX.
- Group outlook for 2014 is unchanged.

### HIGHLIGHTS

SEK in millions, except key ratios, per share data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	25,464	25,416	0.2	74,454	75,311	-1.1
<i>Change (%) local organic</i>	-2.0			-1.7		
of which service revenues (external)	23,165	22,819	1.5	67,687	67,831	-0.2
EBITDA <sup>1)</sup> excl. non-recurring items <sup>2)</sup>	9,439	9,419	0.2	26,620	26,856	-0.9
Margin (%)	37.1	37.1		35.8	35.7	
Operating income	6,333	7,130	-11.2	18,154	19,902	-8.8
Operating income excl. non-recurring items	7,266	7,721	-5.9	19,898	21,434	-7.2
Income after financial items	5,664	6,378	-11.2	16,080	17,547	-8.4
Net income	4,433	5,135	-13.7	12,728	14,072	-9.5
of which attributable to owners of the parent	4,073	4,641	-12.2	11,563	12,780	-9.5
Earnings per share (SEK)	0.94	1.07	-12.2	2.67	2.95	-9.5
RoCE (%; rolling 12 months)	14.4	16.2		14.4	16.2	
CAPEX-to-sales (%)	19.4	15.8		14.8	13.7	
Net debt	59,301	56,782		59,301	56,782	
Free cash flow	6,387	7,308	-12.6	11,412	14,184	-19.5

Additional information available at [www.teliasonera.com](http://www.teliasonera.com).

1) Please refer to page 35 for definitions.

2) Non-recurring items; see table on page 26.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the third 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 25.

## Comments by Johan Dannelind, President and CEO



“Operational performance remained stable in the third quarter, with organic service revenues and underlying EBITDA almost unchanged compared to the corresponding period last year, resulting in a flat EBITDA margin of 37.1 percent.

In Sweden, the consumer segment remains firm with positive service revenue growth, fueled by migration to data-centric price models and solid demand for high speed fixed broadband. The fiber roll-out gained further momentum in the quarter and our 4G network now covers more than 96 percent of the population. However, our overall performance continues to be impacted by fierce competition in the enterprise area.

In region Europe, it is encouraging that our Finnish business returned to positive service revenue growth and profitability improved, despite negative impact from reduced mobile termination rates and overall difficult macro environment. In Spain, sales growth remained impacted by lower equipment sales, but profitability improved due to lower subscriber acquisition costs and higher data contribution.

In Eurasia, profitability remains solid and subscription growth accelerated, supported by positive net intake in all of our seven markets. In Kazakhstan, service revenue growth slowed in the quarter, but profitability improved due to lower costs. Currently, changes are being made on management level in the country as part of our focus to strengthen governance and operational control. In addition, we continued our assessment of the operational assets in Eurasia, resulting in a non-cash write down in the quarter, as recently communicated.

Our strategic agenda was further presented at our capital markets day in September, where we outlined our overall ambition to transform TeliaSonera in the next few years to reach the full potential and equip for

the all data era. To accomplish this journey, we will invest in new growth and savings initiatives.

We will invest an accumulated amount of up to SEK 4-5 billion during 2015 and 2016 to further drive growth and improve our competitiveness, primarily through accelerating the Swedish fiber roll-out, establishing new offerings in the enterprise segment and upgrading data networks in Eurasia. In Sweden, the aim is to increase the number of households reached by TeliaSonera’s fiber services from 1.1 million to 1.9 million between 2014 and 2018.

Sustainable cost savings can only be achieved if we exit legacy structures and reduce complexity across the group. Therefore an accumulated amount of SEK 2 billion will be invested in business transformation in 2015 and 2016 to reach net savings with a yearly run rate of SEK 2 billion during 2017.

Keeping a solid balance sheet and investment grade credit rating is important to us. We aim to balance this with continued attractive shareholder returns and our new dividend policy targets an annual distribution of at least SEK 3 per share for the fiscal years 2014 and 2015.

Based on the performance in the first nine months, we reiterate our full year 2014 outlook, expecting net sales in local currencies to be slightly below the level in 2013, an EBITDA margin around last year’s level and CAPEX-to-sales of around 15 percent.”

Stockholm, October 17, 2014

**Johan Dannelind**  
President and CEO

## Group outlook for 2014 (unchanged)

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 in Q2 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, third quarter 2014

### SALES AND EARNINGS

**Net sales** in local currencies, excluding acquisitions and disposals, decreased 2.0 percent. In reported currency, net sales increased 0.2 percent to SEK 25,464 million (25,416). The positive effect of exchange rate fluctuations was 1.8 percent and the positive effect of acquisitions and disposals was 0.4 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.6 percent.

In region Sweden, net sales excluding acquisitions and disposals increased 0.2 percent. Net sales including acquisitions and disposals increased 1.1 percent to SEK 8,985 million (8,883).

In region Europe, net sales in local currencies, excluding acquisitions and disposals, decreased 8.1 percent. In reported currency, net sales decreased 2.8 percent to SEK 9,982 million (10,275).

In region Eurasia, net sales in local currencies, excluding acquisitions and disposals, increased 5.4 percent. Net sales in reported currency increased 3.3 percent to SEK 5,467 million (5,291).

**The number of subscriptions** in the subsidiaries increased by 0.4 million from the end of the third quarter of 2013 to 72.4 million. During the third quarter, the total number of subscriptions increased by 1.1 million.

**EBITDA**, excluding non-recurring items, decreased 0.9 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 0.2 percent to SEK 9,439 million (9,419). The EBITDA margin, excluding non-recurring items, was stable at 37.1 percent (37.1).

**Income from associated companies and joint ventures**, decreased to SEK 1,201 million (1,503).

**Operating income**, excluding non-recurring items, decreased 5.9 percent to SEK 7,266 million (7,721).

**Non-recurring items** affecting operating income totaled SEK -933 million (-591).

**Financial items** totaled SEK -669 million (-752) of which SEK -609 million (-670) related to net interest expenses.

**Income taxes** decreased to SEK -1,231 million (-1,243). The effective tax rate was 21.7 percent (19.5). The effective tax rate has been impacted by reduced earnings from associated companies and from companies in Eurasia with lower tax rate.

**Non-controlling interests** in subsidiaries decreased to SEK 360 million (494).

**Net income attributable to owners of the parent company** decreased 12.2 percent to SEK 4,073 million (4,641) and earnings per share to SEK 0.94 (1.07).

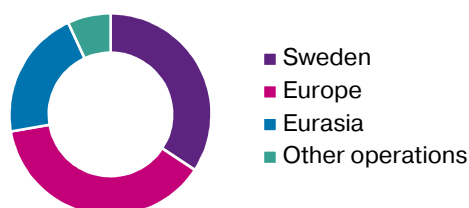
**CAPEX** increased to SEK 4,929 million (4,027) and the CAPEX-to-sales ratio increased to 19.4 percent (15.8). CAPEX excluding license and spectrum fees increased to SEK 3,782 million (3,641) and the CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 14.9 percent (14.3).

**Free cash flow** decreased to SEK 6,387 million (7,308) due to higher cash CAPEX.

**Net debt** decreased to SEK 59,301 million at the end of the third quarter (67,097 at the end of the second quarter of 2014). The net debt/EBITDA ratio was 1.68 (1.90 at the end of the second quarter of 2014).

**The equity/assets** ratio was 40.1 percent (41.0 percent at the end of the second quarter of 2014).

### NET SALES BY REGION



## Review of the Group, nine-month period 2014

### SALES AND EARNINGS

**Net sales** in local currencies, excluding acquisitions and disposals, decreased 1.7 percent. In reported currency, net sales decreased 1.1 percent to SEK 74,454 million (75,311). The positive effect of exchange rate fluctuations was 0.5 percent and the positive effect of acquisitions and disposals was 0.1 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.5 percent.

**EBITDA**, excluding non-recurring items, decreased 0.2 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 0.9 percent to SEK 26,620 million (26,856). The EBITDA margin, excluding non-recurring items, increased to 35.8 percent (35.7).

**Income from associated companies and joint ventures**, decreased to SEK 3,048 million (4,297).

**Operating income**, excluding non-recurring items, decreased 7.2 percent to SEK 19,898 million (21,434).

**Non-recurring items** affecting operating income totaled SEK -1,744 million (-1,532).

**Financial items** totaled SEK -2,074 million (-2,355) of which SEK -1,964 million (-2,197) related to net interest expenses.

**Income taxes** decreased to SEK -3,352 million (-3,475). The effective tax rate was 20.8 percent (19.8). The effective tax rate has been impacted by reduced earnings from associated companies and increased level of unrecognized losses mainly in Spain.

**Non-controlling interests** in subsidiaries decreased to SEK 1,165 million (1,292).

**Net income attributable to owners of the parent company** decreased 9.5 percent to SEK 11,563 million (12,780) and earnings per share to SEK 2.67 (2.95).

**CAPEX** increased to SEK 11,027 million (10,285) and the CAPEX-to-sales ratio increased to 14.8 percent (13.7). CAPEX excluding license and spectrum fees increased to SEK 9,861 million (9,549) and the CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 13.2 percent (12.7).

**Free cash flow** decreased to SEK 11,412 million (14,184) mainly due to higher cash CAPEX.

#### SIGNIFICANT EVENTS IN THE THIRD QUARTER

- On July 7, 2014, TeliaSonera announced that it had acquired Tele2's operations in Norway at an enterprise value of SEK 5.1 billion on a cash and debt free basis. The company also committed itself to 98 percent population coverage for 4G by 2016, two years ahead of its obligations. The acquisition is subject to regulatory approval.
- On August 13, 2014, TeliaSonera announced that its subsidiary Moldcell in Moldova, had acquired new licenses and radio frequencies, valid for a 15-year term starting November 6, 2014.
- On August 20, 2014, TeliaSonera announced that Sonera, TeliaSonera's Finnish arm, and the local Finnish operator DNA had agreed on mobile network sharing in the sparsely populated Northern and Eastern Finland. The joint venture allows for more efficient build out and operation of radio networks in an area making up 50 percent of Finland's total territory in which only approximately 15 percent of its population live, improving customer experience in terms of coverage, speed and quality.
- On September 29, 2014, TeliaSonera announced that the board of Kcell had announced that initial investigations had revealed that a number of the company's external supplier contracts were entered into in breach of the company's own internal policies and procedures. To that date there had been no indication that any of the matters under investigation would have any material effect on the company's balance sheet or on its results of operations.
- On September 30, 2014, TeliaSonera announced in connection to its Capital Markets Day that the board of directors had decided that the dividend policy was to be replaced by a target to distribute an annual dividend of at least SEK 3 per share for the fiscal years 2014 and 2015. The company shall continue to target a solid investment grade long-term credit rating (A- to BBB+). TeliaSonera also announced that continuous CAPEX in the core operations is expected to be around 15 percent of service revenues the next two years. In addition, TeliaSonera will invest total accumulated CAPEX of up to SEK 6–7 billion in 2015–2016 in two main areas: To increase competitiveness and reduce cost, and acceleration of the fiber roll-out in Sweden, new B2B offerings, as well as to upgrade data networks in Eurasia.

**SIGNIFICANT EVENTS AFTER THE END OF THE  
THIRD QUARTER**

- On October 1, 2014, TeliaSonera announced that it had signed an agreement on the acquisition of Ipeer AB, a leading corporate supplier of cloud and hosting services in Sweden, from Applewise AB. As a result of the transaction, TeliaSonera supplements its product portfolio of network and access services and will be able to offer its business customers in Sweden completely new total solutions.



## Stable sales in Sweden

- Organic net sales and service revenues remained unchanged compared to the corresponding quarter last year, while the EBITDA margin decreased by 2.7 percentage points to 40.5 percent. Positive service revenue growth in the consumer segment was offset by a decline in the enterprise segment.
- Demand for fiber services continues to be strong and the roll-out of services to single houses gained further momentum in the quarter. The build out of the 4G network continued and coverage now exceeds 96 percent of the population. Around 48 percent of the consumer subscription base has now migrated to data-centric price plans and mobile ARPU continued to improve.

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	8,985	8,883	1.1	26,795	26,813	-0.1
<i>Change (%) local organic</i>	<i>0.2</i>			<i>-0.5</i>		
of which service revenues (external)	8,179	8,197	-0.2	24,469	24,742	-1.1
EBITDA excl. non-recurring items	3,637	3,840	-5.3	10,850	11,068	-2.0
Margin (%)	40.5	43.2		40.5	41.3	
Income from associated companies	-1	-1	-51.9	-6	-11	-47.0
Operating income	2,503	2,706	-7.5	7,599	7,508	1.2
Operating income excl. non-recurring items	2,501	2,813	-11.1	7,773	7,935	-2.0
CAPEX	1,184	1,150	2.9	3,363	3,317	1.4
CAPEX-to-sales ratio	13.2	12.9		12.6	12.4	
EBITDA-CAPEX	2,453	2,689	-8.8	7,487	7,751	-3.4
Subscriptions, (thousands)						
Mobile	6,560	6,607	-0.7	6,560	6,607	-0.7
Fixed telephony	2,093	2,242	-6.6	2,093	2,242	-6.6
Broadband	1,242	1,199	3.6	1,242	1,199	3.6
TV	681	621	9.7	681	621	9.7
Employees	6,638	6,748	-1.6	6,638	6,748	-1.6

**Net sales**, excluding acquisitions and disposals, increased 0.2 percent. Net sales including acquisitions and disposals increased 1.1 percent to SEK 8,985 million (8,883). The positive effect of acquisitions and disposals was 0.9 percent. Service revenues, excluding acquisitions and disposals, decreased 1.2 percent.

**EBITDA**, excluding non-recurring items, acquisitions and disposals, decreased 6.0 percent. EBITDA, excluding non-recurring items, decreased 5.3 percent to SEK 3,637 million (3,840). Results were burdened by maintenance costs of around SEK 65 million related to thunder and flooding. The EBITDA margin decreased to 40.5 percent (43.2), due to above mentioned costs, higher equipment sales and changed product mix.

**CAPEX** increased to SEK 1,184 million (1,150) and CAPEX, excluding licenses and spectrum fees, in-

creased to SEK 1,184 million (1,150).

Mobile service revenues decreased 0.5 percent due to lower interconnect revenues and other mobile service revenues. Billed revenues were flat, negatively affected by the ongoing price pressure within the B2B segment.

The number of mobile subscriptions increased by 49,000 in the quarter and churn was stable at 17 percent. Blended ARPU improved 3.1 percent to SEK 191.

Fixed service revenues decreased 2.2 percent, as higher fiber installation revenues as well as growth in both broadband and TV did not fully compensate for lower telephony revenues. The number of fixed broadband and TV subscriptions increased during the quarter by 12,000 and 18,000 respectively.

## Higher profitability in region Europe

- Organic net sales declined by 8.1 percent, mainly due to lower equipment sales. Pressure on organic service revenues eased to a decline of 2.6 percent. Underlying EBITDA margin improved by 2.3 percentage points to 27.2 percent.
- In Finland, service revenue growth turned positive and profitability improved, supported by a higher customer base. In Spain, sales growth continued to be impacted by lower equipment sales, but profitability improved significantly due to lower subscriber acquisition costs and increased contribution from data services.

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	9,982	10,275	-2.8	29,455	30,526	-3.5
<i>Change (%) local organic</i>	<i>-8.1</i>			<i>-7.1</i>		
of which service revenues (external)	8,406	8,162	3.0	24,628	24,549	0.3
EBITDA excl. non-recurring items	2,716	2,555	6.3	7,305	7,292	0.2
Margin (%)	27.2	24.9		24.8	23.9	
Income from associated companies	36	26	38.9	83	76	9.3
Operating income	1,396	1,429	-2.3	3,522	3,612	-2.5
Operating income excl. non-recurring items	1,436	1,436	0.0	3,705	3,918	-5.4
CAPEX	1,152	1,096	5.1	2,972	2,782	6.8
CAPEX-to-sales ratio	11.5	10.7		10.1	9.1	
EBITDA-CAPEX	1,564	1,459	7.2	4,333	4,509	-3.9
Subscriptions, (thousands)						
Mobile	14,104	14,111	-0.1	14,104	14,111	-0.1
Fixed telephony	999	1,034	-3.4	999	1,034	-3.4
Broadband	1,377	1,252	10.0	1,377	1,252	10.0
TV	841	777	8.2	841	777	8.2
Employees	10,807	11,324	-4.6	10,807	11,324	-4.6

**Net sales** in local currencies, excluding acquisitions and disposals, decreased 8.1 percent. In reported currency, net sales decreased 2.8 percent to SEK 9,982 million (10,275). The positive effect of exchange rate fluctuations was 5.0 percent and the positive effect of acquisitions and disposals was 0.3 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 2.6 percent.

**EBITDA**, excluding non-recurring items, increased 1.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 6.3 percent to SEK 2,716 million (2,555). The EBITDA margin increased to 27.2 percent (24.9).

**CAPEX** increased to SEK 1,152 million (1,096) and CAPEX, excluding licenses and spectrum fees, increased to SEK 1,152 million (1,096).

## Finland – Continued positive development

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	3,222	3,059	5.3	9,545	9,318	2.4
<i>Change (%) local organic</i>	<i>-0.7</i>			<i>-2.8</i>		
of which service revenues (external)	2,910	2,734	6.4	8,641	8,343	3.6
EBITDA excl. non-recurring items	1,064	979	8.7	3,049	2,918	4.5
Margin (%)	33.0	32.0		31.9	31.3	
Subscriptions, (thousands)						
Mobile	3,362	3,298	2.0	3,362	3,298	2.0
Fixed telephony	104	111	-6.3	104	111	-6.3
Broadband	553	520	6.3	553	520	6.3
TV	477	429	11.2	477	429	11.2

Service revenues increased 0.3 percent in local currency, excluding acquisitions and disposals. Mobile service revenues decreased slightly as growth in billed revenues were not enough to offset lower interconnect revenues.

Mobile blended ARPU decreased 5 percent, partly explained by reduced termination rates.

The EBITDA margin, excluding non-recurring items, increased to 33.0 percent (32.0), explained by a higher gross margin.

The number of subscriptions in fixed broadband and TV increased slightly in the quarter, while the number of mobile subscriptions was stable.

## Norway – Subscription growth in a competitive market

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	1,773	1,747	1.5	5,065	5,314	-4.7
<i>Change (%) local organic</i>	<i>-0.4</i>			<i>-0.7</i>		
of which service revenues (external)	1,481	1,480	0.1	4,238	4,496	-5.7
EBITDA excl. non-recurring items	588	593	-0.9	1,587	1,633	-2.8
Margin (%)	33.2	34.0		31.3	30.7	
Subscriptions, (thousands)						
Mobile	1,611	1,632	-1.3	1,611	1,632	-1.3

Mobile service revenues decreased 1.8 percent, in local currency, excluding acquisitions and disposals, mainly due to a lower subscription base and lower ARPU compared to the corresponding quarter last year.

The EBITDA margin, excluding non-recurring items, decreased to 33.2 percent (34.0) as a consequence of higher equipment sales.

The number of mobile subscriptions increased by 5,200 in the quarter, supported by a positive development in the post-paid segment.

## Denmark – Impacted by a challenging market

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	1,464	1,321	10.9	4,187	3,894	7.5
<i>Change (%) local organic</i>	2.2			0.5		
of which service revenues (external)	1,113	1,054	5.6	3,179	3,065	3.7
EBITDA excl. non-recurring items	204	198	2.9	557	532	4.6
Margin (%)	13.9	15.0		13.3	13.7	
Subscriptions, (thousands)						
Mobile	1,566	1,497	4.6	1,566	1,497	4.6
Fixed telephony	125	122	2.5	125	122	2.5
Broadband	112	97	16.0	112	97	16.0
TV	19	17	12.1	19	17	12.1

Service revenues in local currency, excluding acquisitions and disposals, decreased 3.3 percent. Mobile service revenues were burdened by lower billed revenues and lower interconnect revenues, while fixed service revenues increased with support from the recently acquired Siminn Danmark A/S.

The EBITDA margin, excluding non-recurring items, decreased to 13.9 percent (15.0), affected by a lower gross margin as a consequence of increased equipment sales.

The number of mobile subscriptions increased by 9,200 during the quarter.

## Lithuania – Price pressure continues

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	733	734	-0.2	2,153	2,167	-0.7
<i>Change (%) local organic</i>	-5.9			-5.7		
of which service revenues (external)	618	636	-2.8	1,839	1,884	-2.4
EBITDA excl. non-recurring items	262	271	-3.1	747	797	-6.3
Margin (%)	35.8	36.9		34.7	36.8	
Subscriptions, (thousands)						
Mobile	1,555	1,927	-19.3	1,555	1,927	-19.3
Fixed telephony	475	514	-7.6	475	514	-7.6
Broadband	489	416	17.5	489	416	17.5
TV	180	170	5.9	180	170	5.9

Service revenues in local currency, excluding acquisitions and disposals, decreased 8.5 percent. Mobile service revenues suffered due to continued heavy price pressure in the market, while fixed service revenues were impacted by lower telephony revenues.

The EBITDA margin, excluding non-recurring items, decreased to 35.8 percent (36.9), mainly due to a lower gross margin.

The number of mobile subscriptions decreased by 24,000, while the number of fixed broadband subscriptions increased by 28,000 during the quarter.

## Latvia – Stronger margin

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	363	386	-6.0	1,108	1,117	-0.8
<i>Change (%) local organic</i>	<i>-11.5</i>			<i>-5.6</i>		
of which service revenues (external)	285	277	2.9	849	821	3.5
EBITDA excl. non-recurring items	114	118	-3.5	343	322	6.8
Margin (%)	31.5	30.7		31.0	28.8	
Subscriptions, (thousands)						
Mobile	1,122	1,087	3.2	1,122	1,087	3.2

Mobile service revenues decreased 3.0 percent in local currency, excluding acquisitions and disposals.

Mobile blended ARPU decreased 2 percent compared to the corresponding quarter last year.

The EBITDA margin, excluding non-recurring items, increased to 31.5 percent (30.7), explained by a higher gross margin due to lower equipment sales.

The number of subscriptions increased by 31,000 during the quarter.

## Estonia – Solid data growth and improved margin

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	661	655	1.0	1,935	1,916	1.0
<i>Change (%) local organic</i>	<i>-4.8</i>			<i>-4.1</i>		
of which service revenues (external)	526	520	1.1	1,551	1,528	1.5
EBITDA excl. non-recurring items	240	231	3.7	664	650	2.2
Margin (%)	36.2	35.3		34.3	33.9	
Subscriptions, (thousands)						
Mobile	857	844	1.5	857	844	1.5
Fixed telephony	295	287	2.8	295	287	2.8
Broadband	223	219	1.8	223	219	1.8
TV	165	161	2.5	165	161	2.5

Service revenues in local currency, excluding acquisitions and disposals, decreased 4.7 percent. Mobile service revenues grew supported by solid data revenue growth. Fixed service revenues decreased, hampered by lower fixed voice traffic and subscription revenues.

The EBITDA margin, excluding non-recurring items, increased to 36.2 percent (35.3), explained by a higher gross margin due to a positive product mix shift with less equipment sales.

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

## Spain – Reduced sales but stronger profitability

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	1,790	2,395	-25.3	5,530	6,865	-19.4
<i>Change (%) local organic</i>	-29.7			-23.6		
of which service revenues (external)	1,474	1,462	0.8	4,330	4,413	-1.9
EBITDA excl. non-recurring items	245	164	48.9	358	439	-18.4
Margin (%)	13.7	6.9		6.5	6.4	
Subscriptions, (thousands)						
Mobile	4,031	3,826	5.4	4,031	3,826	5.4

Mobile service revenues decreased 4.9 percent in local currency, excluding acquisitions and disposals, mainly explained by billed ARPU erosion in both the pre-paid as well as the post-paid segment.

Equipment revenues fell to SEK 307 million in the quarter, a reduction by two-thirds compared to the corresponding quarter last year, due to a combination of lower subscriber intake and a shift towards lower priced handsets.

The EBITDA margin, excluding non-recurring items, increased to 13.7 percent (6.9) due to reduced low margin handset sales as well as lower subsidies and subscriber acquisition costs.

The number of additional subscriptions remained positive, with markedly lower churn compared to the corresponding quarter last year.

TeliaSonera continues its strategic review of the operation in Spain.

## Continued growth with high margin in Eurasia

- Organic sales growth was 5.4 percent and organic service revenues increased 3.0 percent. The EBITDA margin decreased by 1.0 percentage point to 52.9 percent.
- Subscription growth improved and 1.0 million subscriptions were added in the quarter, of which 260,000 related to not previously, reported M2M subscriptions. The subscription intake was supported by positive net additions in all seven countries.

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	5,467	5,291	3.3	15,130	15,173	-0.3
<i>Change (%) local organic</i>	<i>5.4</i>			<i>6.1</i>		
of which service revenues (external)	5,171	5,128	0.8	14,426	14,712	-1.9
EBITDA excl. non-recurring items	2,890	2,854	1.3	8,158	8,026	1.6
Margin (%)	52.9	53.9		53.9	52.9	
Income from associated companies	4	9	-61.6	26	13	95.1
Operating income	1,469	1,706	-13.9	4,805	5,099	-5.8
Operating income excl. non-recurring items	2,097	2,107	-0.4	5,865	5,711	2.7
CAPEX	2,122	1,473	44.1	3,147	3,445	-8.6
CAPEX-to-sales ratio	38.8	27.8		20.8	22.7	
EBITDA -CAPEX	767	1,381	-44.4	5,011	4,581	9.4
Subscriptions, (thousands)						
Mobile	44,529	44,138	0.9	44,529	44,138	0.9
Employees	5,149	5,007	2.8	5,149	5,007	2.8

**Net sales** in local currencies, excluding acquisitions and disposals, increased 5.4 percent. In reported currency, net sales increased 3.3 percent to SEK 5,467 million (5,291). The negative effect of exchange rate fluctuations was 2.1 percent. Service revenues in local currencies, excluding acquisitions and disposals, increased 3.0 percent.

**EBITDA**, excluding non-recurring items, increased 4.5 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 1.3 percent to SEK 2,890 million (2,854). The EBITDA margin decreased to 52.9 percent (53.9).

**CAPEX** increased to SEK 2,122 million (1,473) and CAPEX, excluding licenses and spectrum fees, decreased to SEK 975 million (1,087).

As a consequence of management's focus to improve control of the Eurasian operations as reported in the interim report for the second quarter, TeliaSonera before summer commissioned an independent external advisor to assess part of the balance sheet, primarily the value of assets under construction and inventory, in all its Eurasian business units. As a result of the assessment, TeliaSonera reports non-recurring and non-cash costs in Eurasia of SEK 615 million in the third quarter of 2014.

## Kazakhstan – Slower revenue growth, but higher margin

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	1,897	2,098	-9.6	5,396	6,000	-10.1
<i>Change (%) local organic</i>	<i>0.5</i>			<i>1.9</i>		
of which service revenues (external)	1,822	2,097	-13.1	5,273	5,996	-12.1
EBITDA excl. non-recurring items	1,054	1,146	-8.0	3,058	3,275	-6.6
Margin (%)	55.6	54.6		56.7	54.6	
Subscriptions, (thousands)						
Mobile	13,109	14,251	-8.0	13,109	14,251	-8.0

Mobile service revenues in local currency, excluding acquisitions and disposals, decreased 3.5 percent mainly explained by reduced interconnect revenues and lower billed revenues.

The iPhone sales campaign started in May gained further traction in the quarter.

The EBITDA margin, excluding non-recurring items, improved to 55.6 percent (54.6), due to a decrease in subsidies and sales commissions.

The number of subscriptions increased by 226,000 during the quarter.

On September 29, the board of Kcell announced that initial investigations have revealed that a number of the company's external supplier contracts were entered into in breach of the company's own internal policies and procedure. Currently changes are taking place on management level as part of the focus to strengthen governance and operational control.

## Azerbaijan – Increased number of subscriptions

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	1,058	1,001	5.7	2,810	2,866	-2.0
<i>Change (%) local organic</i>	<i>0.2</i>			<i>-4.3</i>		
of which service revenues (external)	1,057	998	5.9	2,801	2,855	-1.9
EBITDA excl. non-recurring items	589	549	7.2	1,546	1,408	9.8
Margin (%)	55.6	54.8		55.0	49.1	
Subscriptions, (thousands)						
Mobile	4,542	4,405	3.1	4,542	4,405	3.1

Mobile service revenues in local currency, excluding acquisitions and disposals, decreased 0.7 percent, as data revenue growth of 17 percent could not fully compensate for lower voice and messaging revenues.

The EBITDA margin, excluding non-recurring items, increased to 55.6 percent (54.8), supported by cost saving activities.

The number of subscriptions increased by 253,000 during the quarter, of which 96,000 previously not reported M2M subscriptions.



## Uzbekistan – Continued strong growth

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	964	813	18.6	2,650	2,297	15.4
<i>Change (%) local organic</i>	22.9			24.0		
of which service revenues (external)	962	812	18.4	2,646	2,295	15.3
EBITDA excl. non-recurring items	505	457	10.5	1,449	1,277	13.4
Margin (%)	52.4	56.2		54.7	55.6	
Subscriptions, (thousands)						
Mobile	8,435	8,552	-1.4	8,435	8,552	-1.4

Mobile service revenues in local currency, excluding acquisitions and disposals, increased 22.7 percent supported by growing data revenues.

The EBITDA margin, excluding non-recurring items, decreased to 52.4 percent (56.2), due to higher transmission costs and commissions.

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

## Tajikistan – Price competition on international calls

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	230	251	-8.5	640	698	-8.3
<i>Change (%) local organic</i>	-10.8			-8.5		
of which service revenues (external)	182	213	-14.3	524	588	-10.8
EBITDA excl. non-recurring items	109	132	-17.7	292	357	-18.2
Margin (%)	47.3	52.7		45.7	51.2	
Subscriptions, (thousands)						
Mobile	3,275	3,304	-0.9	3,275	3,304	-0.9

Mobile service revenues decreased 16.6 percent in local currency, excluding acquisitions and disposals, explained by around 70 percent decrease in interconnect revenues, caused by heavy price competition on international calls.

The EBITDA margin, excluding non-recurring items, decreased to 47.3 percent (52.7) driven by the decline in international traffic.

The number of subscriptions increased by 10,000 during the quarter.

## Georgia – Billed revenue growth driven by data

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	236	248	-4.7	647	688	-6.0
<i>Change (%) local organic</i>	-6.0			-2.9		
of which service revenues (external)	225	244	-7.8	599	677	-11.5
EBITDA excl. non-recurring items	97	108	-10.3	262	299	-12.4
Margin (%)	41.1	43.6		40.5	43.4	
Subscriptions, (thousands)						
Mobile	2,046	1,842	11.1	2,046	1,842	11.1

Mobile service revenues decreased 8.8 percent in local currency, excluding acquisitions and disposals, explained by lower regulated termination rates.

Billed revenues increased 2.7 percent, supported by strong growth in data revenues.

The EBITDA margin, excluding non-recurring items, decreased to 41.1 percent (43.6).

The number of subscriptions increased by 180,000 during the quarter, of which 164,000 previously not reported M2M subscriptions.

## Moldova – Lower interconnect revenues

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	133	135	-1.9	366	383	-4.3
<i>Change (%) local organic</i>	1.5			2.6		
of which service revenues (external)	112	125	-10.2	328	356	-7.8
EBITDA excl. non-recurring items	43	51	-16.1	98	139	-29.3
Margin (%)	32.0	37.5		26.8	36.3	
Subscriptions, (thousands)						
Mobile	1,093	1,024	6.7	1,093	1,024	6.7

Mobile service revenues decreased 7.2 percent in local currency, excluding acquisitions and disposals, explained by lower regulated interconnect revenues.

Billed revenues decreased 1.3 percent as data revenue growth could not fully compensate for the decline in voice and messaging revenues.

The EBITDA margin, excluding non-recurring items, decreased to 32.0 percent (37.5), mainly due to increased interconnection costs and bad debt.

The number of subscriptions increased by 55,000 during the quarter as new offerings were well received by the market.

## Nepal – Continued growth and margin uplift

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	941	749	25.6	2,624	2,256	16.3
<i>Change (%) local organic</i>	<i>16.4</i>			<i>20.4</i>		
of which service revenues (external)	809	638	26.8	2,248	1,942	15.8
EBITDA excl. non-recurring items	547	425	28.6	1,583	1,344	17.8
Margin (%)	58.1	56.8		60.3	59.6	
Subscriptions, (thousands)						
Mobile	12,028	10,760	11.8	12,028	10,760	11.8

Mobile service revenues increased 17.4 percent in local currency, excluding acquisitions and disposals, supported by billed revenue growth of 21.0 percent as voice, messaging and data continue to grow.

The EBITDA margin, excluding non-recurring items, increased to 58.1 percent (56.8) explained by a larger subscription base and cost saving activities.

The number of subscriptions increased by 231,000 during the quarter and by 1.3 million compared to the corresponding quarter last year.

## Other operations

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2014	Jul-Sep 2013	Chg (%)	Jan-Sep 2014	Jan-Sep 2013	Chg (%)
Net sales	1,801	1,687	6.7	5,252	4,843	8.4
<i>Change (%) local organic</i>	<i>2.3</i>			<i>5.3</i>		
of which International Carrier	1,524	1,422	7.2	4,438	4,052	9.5
EBITDA excl. non-recurring items	196	168	17.1	307	461	-33.4
of which International Carrier	90	81	11.4	259	274	-5.4
Margin (%)	10.9	9.9		5.9	9.5	
Income from associated companies	1,161	1,469	-20.9	2,944	4,218	-30.2
of which Russia	678	793	-14.5	1,601	2,238	-28.5
of which Turkey	484	675	-28.4	1,339	1,979	-32.4
Operating income	964	1,286	-25.0	2,229	3,673	-39.3
Operating income excl. non-recurring items	1,232	1,361	-9.5	2,556	3,861	-33.8
CAPEX	472	313	50.8	1,545	762	102.9
Employees	3,375	3,322	1.6	3,375	3,322	1.6

**Net sales** in local currencies, excluding acquisitions and disposals, increased 2.3 percent. In reported currency, net sales increased 6.7 percent to SEK 1,801 million (1,687). The positive effect of exchange rate fluctuations was 4.4 percent.

**EBITDA**, excluding non-recurring items, increased to SEK 196 million (168). The EBITDA margin improved to 10.9 percent (9.9).

In International Carrier, net sales increased 7.2 percent to SEK 1,524 million (1,422) and the EBITDA margin, excluding non-recurring items, increased to 5.9 percent (5.7).

Income from associated companies, excluding non-recurring items, decreased to SEK 1,161 million (1,469). The lower contribution from MegaFon and Turkcell is largely explained by currency effects and one-off items.

# Review Report

## Introduction

We have reviewed the interim report for TeliaSonera AB (publ) for the period January 1 - September 30, 2014. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 17, 2014

Deloitte AB

Jan Palmqvist  
Authorized Public Accountant

## Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	Jul-Sep 2014	Jul-Sep <sup>1)</sup> 2013	Chg (%)	Jan- Sep 2014	Jan-Sep <sup>1)</sup> 2013	Chg (%)
Net sales	25,464	25,416	0.2	74,454	75,311	-1.1
Cost of sales	-14,296	-13,823	3.4	-41,457	-41,775	-0.8
<b>Gross profit</b>	<b>11,168</b>	<b>11,593</b>	<b>-3.7</b>	<b>32,997</b>	<b>33,536</b>	<b>-1.6</b>
Selling, admin. and R&D expenses	-5,483	-5,482	0.0	-16,846	-16,710	0.8
Other operating income and expenses, net	-553	-484	14.3	-1,044	-1,221	-14.5
Income from associated companies and joint ventures	1,201	1,503	-20.1	3,048	4,297	-29.1
<b>Operating income</b>	<b>6,333</b>	<b>7,130</b>	<b>-11.2</b>	<b>18,154</b>	<b>19,902</b>	<b>-8.8</b>
Finance costs and other financial items, net	-669	-752	-11.0	-2,074	-2,355	-11.9
<b>Income after financial items</b>	<b>5,664</b>	<b>6,378</b>	<b>-11.2</b>	<b>16,080</b>	<b>17,547</b>	<b>-8.4</b>
Income taxes	-1,231	-1,243	-1.0	-3,352	-3,475	-3.5
<b>Net income</b>	<b>4,433</b>	<b>5,135</b>	<b>-13.7</b>	<b>12,728</b>	<b>14,072</b>	<b>-9.5</b>
Items that may be reclassified to net income:						
Foreign currency translation differences	801	-4,178		2,525	-4,708	
Income from associated companies and joint ventures	61	-46		57	-120	
Cash flow hedges	212	132		-262	402	
Available-for-sale financial instruments	0	1		2	1	
Income tax relating to items that will be reclassified	-37	-162		420	47	
Items that will not be reclassified to net in- come:						
Remeasurements of defined benefit pension plans	-1,884	1,257		-3,587	3,052	
Income tax relating to items that will not be reclassified	391	-291		763	-686	
Associates' remeasurements of defined benefit pension plans	1	-18		5	-9	
<b>Other comprehensive income</b>	<b>-455</b>	<b>-3,305</b>		<b>-77</b>	<b>-2,021</b>	
<b>Total comprehensive income</b>	<b>3,978</b>	<b>1,830</b>		<b>12,651</b>	<b>12,051</b>	
Net income attributable to:						
Owners of the parent	4,073	4,641		11,563	12,780	
Non-controlling interests	360	494		1,165	1,292	
Total comprehensive income attributable to:						
Owners of the parent	3,409	1,556		11,336	10,950	
Non-controlling interests	568	274		1,315	1,101	
Earnings per share (SEK), basic and diluted	0.94	1.07		2.67	2.95	
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	8,803	8,829	-0.3	25,266	25,347	-0.3
EBITDA excl. non-recurring items	9,439	9,419	0.2	26,620	26,856	-0.9
Depreciation, amortization and impairment losses	-3,670	-3,201	14.7	-10,159	-9,742	4.3
Operating income excl. non-recurring items	7,266	7,721	-5.9	19,898	21,434	-7.2

1) Certain restatements have been made, see reference on page 25.

## Condensed Consolidated Statements of Financial Position

SEK in millions	Sep 30, 2014	Dec 31, 2013 <sup>1)</sup>
<b>Assets</b>		
Goodwill and other intangible assets	85,712	81,522
Property, plant and equipment	67,038	64,792
Investments in associates and joint ventures, deferred tax assets and other non-current assets	39,168	37,202
Long-term interest-bearing receivables	8,161	9,479
<i>Total non-current assets</i>	<i>200,079</i>	<i>192,995</i>
Inventories	1,790	1,582
Trade receivables, current tax assets and other receivables	17,609	20,217
Short-term interest-bearing receivables	6,329	6,313
Cash and cash equivalents	31,031	31,721
<i>Total current assets</i>	<i>56,760</i>	<i>59,833</i>
<b>Total assets</b>	<b>256,839</b>	<b>252,828</b>
<b>Equity and liabilities</b>		
Equity attributable to owners of the parent	107,673	108,324
Equity attributable to non-controlling interests	4,965	4,610
<i>Total equity</i>	<i>112,638</i>	<i>112,934</i>
Long-term borrowings	83,693	80,089
Deferred tax liabilities, other long-term provisions	24,471	21,781
Other long-term liabilities	2,038	1,356
<i>Total non-current liabilities</i>	<i>110,202</i>	<i>103,226</i>
Short-term borrowings	10,266	10,634
Trade payables, current tax liabilities, short-term provisions and other current liabilities	23,733	26,034
<i>Total current liabilities</i>	<i>33,999</i>	<i>36,668</i>
<b>Total equity and liabilities</b>	<b>256,839</b>	<b>252,828</b>

1) Restated for comparability.

## Condensed Consolidated Statements of Cash Flows

SEK in millions	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Cash flow before change in working capital	10,016	10,472	22,965	23,800
Change in working capital	693	590	-359	-133
<b>Cash flow from operating activities</b>	<b>10,709</b>	<b>11,062</b>	<b>22,606</b>	<b>23,667</b>
Cash CAPEX	-4,321	-3,754	-11,194	-9,483
<b>Free cash flow</b>	<b>6,387</b>	<b>7,308</b>	<b>11,412</b>	<b>14,184</b>
Cash flow from other investing activities	2,138	1,077	1,220	193
<b>Total cash flow from investing activities</b>	<b>-2,184</b>	<b>-2,677</b>	<b>-9,974</b>	<b>-9,290</b>
<b>Cash flow before financing activities</b>	<b>8,525</b>	<b>8,385</b>	<b>12,632</b>	<b>14,377</b>
<b>Cash flow from financing activities</b>	<b>1,315</b>	<b>505</b>	<b>-13,639</b>	<b>-17,061</b>
<b>Cash flow for the period</b>	<b>9,840</b>	<b>8,890</b>	<b>-1,007</b>	<b>-2,684</b>
<b>Cash and cash equivalents, opening balance</b>	<b>21,091</b>	<b>18,128</b>	<b>31,721</b>	<b>29,805</b>
Cash flow for the period	9,840	8,890	-1,007	-2,684
Exchange rate differences	101	193	317	90
<b>Cash and cash equivalents, closing balance</b>	<b>31,031</b>	<b>27,211</b>	<b>31,031</b>	<b>27,211</b>

## Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Sep 2014			Jan-Sep 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	-960	-13,950	-12,340	-749	-13,089
Repurchased treasury shares	-6	-	-6	-4	-	-4
Total comprehensive income	11,336	1,315	12,651	10,950	1,101	12,051
Share-based payments	14	-	14	14	-	14
Effect of equity transactions in associates	996	-	996	240	-	240
<b>Closing balance</b>	<b>107,673</b>	<b>4,965</b>	<b>112,638</b>	<b>104,009</b>	<b>4,308</b>	<b>108,317</b>

## Basis of Preparation

### GENERAL

As in the annual accounts for 2013, TeliaSonera's consolidated financial statements of and for the nine-month period ended September 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 third quarter of 2014, the IASB issued IFRS 9 *Financial Instruments*. The standard is effective as of January 1, 2018 and replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard's three main projects have been classification and measurement, impairment and hedge accounting.

*Classification and measurement:* Depending on how certain specified conditions are met after assessing the asset's contractual cash flow characteristics and the business model for managing the asset, financial assets are classified and measured at any of the following three categories: Amortized Cost (AC); Fair Value through Other Comprehensive Income (FVOCI); or the residual category Fair Value through Profit or Loss

(FVPL). The classification of financial liabilities is more or less unchanged from existing requirements. Tentatively, for financial assets, the change into three categories will in most cases have no major effect on the measurement of a specific financial asset since the measurement bases are already today amortized cost or fair value, and, for financial liabilities, the changes will not impact TeliaSonera.

*Impairment:* IFRS 9 introduces a general three-stage model for impairment (expected credit losses) based on changes in credit quality since initial recognition. Calculation of amortized cost/effective interest differs between the stages; it either includes or excludes the allowance. The impairment model however includes some simplifications for trade receivables that do not have a significant financing component and a policy choice for trade receivables which contain a significant financing component and lease receivables, to either apply the simplified approach, or to apply the general model. The model will probably in some cases result in earlier recognition of losses than currently. In addition, extensive disclosures are required to identify and explain amounts that arise from expected credit losses and the effect of decline and improvement in credit risk.

*Hedge accounting:* IFRS 9 applies to all hedge relationships, with the exception of 'fair value macro hedges'. The IASB is working on a project to address macro hedging, so IFRS 9 provides an accounting policy choice for hedge accounting: either to continue to apply the requirements of IAS 39 until the macro hedging project is finalized, or apply IFRS 9. There are no major changes to hedge accounting compared to IAS 39, however for cash flow hedges of a forecast transaction which results in the recognition of a non-financial item (such as a fixed asset or inventory) an entity had a policy choice. The remaining accounting policy is in line with TeliaSonera's current accounting. The new hedge accounting model enables a better reflection of risk management activities in the financial



statements. The current 80-125 percent threshold effective-test is not carried over to IFRS 9. Instead there should be an economic relationship between the hedged item and the hedging instrument, with no quantitative threshold. TeliaSonera expects no major effects based on current hedging activities. On the contrary IFRS 9 is assumed to make it easier to achieve hedge accounting. However the increased hedge accounting possibilities also require increased disclosures about the risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the financial statements.

See also TeliaSonera's Interim Report January-March 2014 and January-June 2014 for standards published in the first and second quarters.

#### **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	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
<b>Within EBITDA</b>	<b>-636</b>	<b>-590</b>	<b>-1,353</b>	<b>-1,509</b>
Restructuring charges, synergy implementation costs, etc.:				
Region Sweden	2	-107	-175	-427
Region Europe	-40	-7	-182	-284
Region Eurasia	-353	-13	-669	-223
Other operations	-268	-75	-327	-188
Capital gains/losses	21	-389	-	-387
<b>Within Depreciation, amortization and impairment losses</b>	<b>-297</b>	<b>-1</b>	<b>-391</b>	<b>-23</b>
Impairment losses, accelerated depreciation:				
Region Sweden	-	-	-	-
Region Europe	-	-1	-	-23
Region Eurasia	-297	-	-391	-
Other operations	-	-	-	-
<b>Within Income from associated companies and joint ventures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Impairment losses	-	-	-	-
Capital gains/losses	-	-	-	-
<b>Total</b>	<b>-933</b>	<b>-591</b>	<b>-1,744</b>	<b>-1,532</b>

## Deferred Taxes

SEK in millions	Sep 30, 2014	Dec 31, 2013
Deferred tax assets	5,583	5,493
Deferred tax liabilities	-10,045	-10,063
<b>Net deferred tax liabilities (-)/assets (+)</b>	<b>-4,462</b>	<b>-4,570</b>

## Segment and Group Operating Income

SEK in millions	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Region Sweden	2,503	2,706	7,599	7,508
Region Europe	1,396	1,429	3,522	3,612
Region Eurasia	1,469	1,706	4,805	5,099
Other operations	964	1,286	2,229	3,673
<b>Total segments</b>	<b>6,333</b>	<b>7,127</b>	<b>18,155</b>	<b>19,893</b>
Eliminations	0	3	-1	9
<b>Group</b>	<b>6,333</b>	<b>7,130</b>	<b>18,154</b>	<b>19,902</b>

## Investments

SEK in millions	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
<b>CAPEX</b>	<b>4,929</b>	<b>4,027</b>	<b>11,027</b>	<b>10,285</b>
Intangible assets	1,405	669	1,926	1,652
Property, plant and equipment	3,525	3,358	9,101	8,633
<b>Acquisitions and other investments</b>	<b>18</b>	<b>11</b>	<b>966</b>	<b>1,206</b>
Asset retirement obligations	14	6	66	53
Goodwill and fair value adjustments	4	–	866	986
Equity holdings	1	5	34	167
<b>Total</b>	<b>4,947</b>	<b>4,038</b>	<b>11,993</b>	<b>11,491</b>

## Financial Instruments – Fair Values

Long-term and Short-term Borrowings <sup>1)</sup> SEK in millions	Sep 30, 2014		Dec 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
<b>Long-term borrowings</b>				
Open-market financing program borrowings in fair value hedge relationships	27,084	32,075	19,289	20,225
Interest rate swaps	281	281	254	254
Cross currency interest rate swaps	1,158	1,158	1,630	1,630
<b>Subtotal</b>	<b>28,523</b>	<b>33,514</b>	<b>21,173</b>	<b>22,109</b>
Open-market financing program borrowings	52,115	58,250	57,026	60,698
Other borrowings at amortized cost	2,980	2,980	1,834	1,834
<b>Subtotal</b>	<b>83,619</b>	<b>94,743</b>	<b>80,033</b>	<b>84,641</b>
Finance lease agreements	73	73	56	56
<b>Total long-term borrowings</b>	<b>83,693</b>	<b>94,817</b>	<b>80,089</b>	<b>84,697</b>
<b>Short term borrowings</b>				
Open-market financing program borrowings in fair value hedge relationships	7,136	7,160	2,735	2,818
Interest rate swaps	2	2	31	31
Cross currency interest rate swaps	1,015	1,015	17	17
<b>Subtotal</b>	<b>8,152</b>	<b>8,176</b>	<b>2,783</b>	<b>2,866</b>
Utilized bank overdraft and short-term credit facilities at amortized cost	1,284	1,284	811	811
Open-market financing program borrowings	826	834	5,954	5,995
Other borrowings at amortized cost	1	1	1,083	1,083
<b>Subtotal</b>	<b>10,263</b>	<b>10,296</b>	<b>10,631</b>	<b>10,755</b>
Finance lease agreements	3	3	3	3
<b>Total short-term borrowings</b>	<b>10,266</b>	<b>10,299</b>	<b>10,634</b>	<b>10,758</b>

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 <sup>1)</sup> SEK in millions	Sep 30, 2014				Dec 31, 2013			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>								
Equity instruments available-for-sale	212	–	–	212	190	–	–	190
Equity instruments held-for-trading	104	–	–	104	70	–	–	70
Convertible bonds available-for-sale	30	30	–	–	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	–
<b>Total financial assets at fair value by level</b>	<b>3,035</b>	<b>30</b>	<b>2,689</b>	<b>316</b>	<b>3,329</b>	<b>160</b>	<b>2,907</b>	<b>262</b>
<b>Financial liabilities at fair value</b>								
Borrowings in fair value hedge rela- tionships	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	–
<b>Total financial liabilities at fair value by level</b>	<b>35,343</b>	<b>–</b>	<b>35,343</b>	<b>–</b>	<b>24,128</b>	<b>–</b>	<b>24,128</b>	<b>–</b>

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 nine-month period ended September 30, 2014, TeliaSonera purchased services for SEK 159 million, and sold services for SEK 209 million. Related parties in these transactions were mainly MegaFon, Turkcell and Lattelecom.

## Net Debt

SEK in millions	Sep 30, 2014	Dec 31, 2013
Long-term and short-term borrowings	93,959	90,723
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-3,445	-2,878
Less short-term investments, cash and bank	-31,213	-32,071
<b>Net debt</b>	<b>59,301</b>	<b>55,774</b>

## Loan Financing and Credit Rating

The underlying operating cash flow continued to be positive also in the third 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 market in Europe had a solid third quarter with new issuance supply well above third quarter last year. Despite headwinds in terms of low economic growth in the Euro area and geopolitical worries, the corporate investment grade credit market has proven to be resilient and offered favorable terms with yields at or close to all-time lows.

The favorable new issue terms are set to continue also in the fourth quarter with support from high cash balances with investors and low yields that attract issuers to fund.

TeliaSonera has made a unique transaction during September by issuing a Private Placement of EUR 50 million with a 50-year tenor and a 3 percent coupon. This is the first ultra-long bond done by a Nordic issuer and proves the strong quality of TeliaSonera's credit in the Euro-bond market. With limited funding needs for the remainder of the year, the opportunistic strategy remains to take advantage of attractive opportunities with a special focus on diversifying the investor base.

The Swedish krona versus Euro ended the third quarter slightly lower compared to end of June. Central bank actions continue to be the main driver for movements in the FX market. With a probable introduction of a full scale quantitative easing program from the ECB, along with the Swedish Riksbank reluctant to take further easing steps, SEK should return towards a strengthening trend versus EUR.

## Financial Key Ratios

	Sep 30, 2014	Dec 31, 2013
Return on equity (% , rolling 12 months)	14.6	15.9
Return on capital employed (% , rolling 12 months)	14.4	13.9
Equity/assets ratio (%)	40.1	39.5
Net debt/equity ratio (%)	57.6	55.8
Net debt/EBITDA rate excl. non-recurring items (multiple, rolling 12 months)	1.68	1.57
Net debt/assets ratio	23.1	22.1
Owners' equity per share (SEK)	24.87	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 4,564 million, MegaFon shares held by TCI, representing 3.27 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 September 30, 2014, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 320 million, of which SEK 288 million referred to guarantees for pension obligations. Collateral pledged totaled SEK 186 million.

## Contractual Obligations and Commitments

As of September 30, 2014, contractual obligations totaled SEK 2,815 million, of which SEK 1,513 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden.

## Business Combinations

For information on business combinations during the nine-month period, see corresponding sections in TeliaSonera's Interim Report January-June 2014 and Interim Report January-March 2014.

## Parent Company

Condensed Income Statements SEK in millions	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Net sales	1	1	3	6
Operating income	-203	110	-189	-102
Income after financial items	-733	84	-1,165	11,168
Income before taxes	1,765	2,764	4,824	18,069
Net income	1,365	2,148	4,228	17,066

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	Sep 30, 2014	Dec 31, 2013
Non-current assets	152,382	179,378
Current assets	58,004	64,302
<b>Total assets</b>	<b>210,386</b>	<b>243,680</b>
Shareholders' equity	77,697	86,661
Untaxed reserves	12,051	11,246
Provisions	492	571
Liabilities	120,146	145,202
<b>Total equity and liabilities</b>	<b>210,386</b>	<b>243,680</b>

Total investments in the period were SEK 3,972 million (35), of which SEK 3,424 million (21) 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 4,564 million, MegaFon shares held by TCI, representing 3.27 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.

*International political developments.* TeliaSonera has material investments and receivables in the Russian Federation related to its associated company OAO MegaFon and the international carrier operations. Following the conflict between the Russian Federation and

Ukraine, the European Union and the United States have implemented sanctions directed towards individuals and corporates. The Russian Federation has as a consequence decided on certain counter actions. The sanctions and counter actions may negatively affect the Russian ruble. These developments, as well as potential future international political conflicts of a similar nature affecting countries in which TeliaSonera is operating, may adversely impact TeliaSonera's cash flows, financial position and results of operations.

*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 8 billion, including group companies' receivables totaling approximately SEK 6.0 billion and cash and cash equivalent balances of approximately SEK 1.5 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](http://www.teliasonera.com).

## 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 third quarter of 2013, unless otherwise stated.

## Financial calendar

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

**Annual General Meeting 2015**  
April 8, 2015

**Interim Report January–March 2015**  
April 21, 2015

**Interim Report January–June 2015**  
July 17, 2015

**Interim Report January–September 2015**  
October 20, 2015

## Questions regarding the reports

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