

Q4

TeliaSonera Year-end Report
January–December 2014

Foundation laid out, execution started

FOURTH QUARTER SUMMARY

- Net sales in local currencies, excluding acquisitions and disposals, decreased 2.2 percent. In reported currency, net sales increased 0.2 percent to SEK 26,606 million (26,560). Service revenues in local currencies, excluding acquisitions and disposals, decreased 2.2 percent.
- EBITDA, excluding non-recurring items, decreased 3.5 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.4 percent to SEK 8,604 million (8,728). The EBITDA margin, excluding non-recurring items, decreased to 32.3 percent (32.9).
- Operating income, excluding non-recurring items, decreased 4.8 percent to SEK 6,757 million (7,100).
- Net income attributable to owners of the parent company increased 34.2 percent to SEK 2,938 million (2,190) and earnings per share to SEK 0.68 (0.51).
- Free cash flow decreased to SEK 1,635 million (2,126) due to changes in working capital.

FULL YEAR SUMMARY

- Net sales in local currencies, excluding acquisitions and disposals, decreased 1.8 percent. In reported currency, net sales decreased 0.8 percent to SEK 101,060 million (101,870). Service revenues in local currencies, excluding acquisitions and disposals, decreased 1.0 percent.
- Net income attributable to owners of the parent company decreased 3.1 percent to SEK 14,502 million (14,970) and earnings per share to SEK 3.35 (3.46).
- Free cash flow decreased to SEK 13,046 million (16,310) due to higher cash CAPEX and changes in working capital.
- The board of Directors proposes an ordinary dividend of SEK 3.00 per share (3.00), totaling SEK 13.0 billion (13.0) or 90 percent (87) of net income attributable to owners of the parent company.

HIGHLIGHTS

SEK in millions, except key ratios, per share data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	26,606	26,560	0.2	101,060	101,870	-0.8
<i>Change (%) local organic</i>	<i>-2.2</i>			<i>-1.8</i>		
of which service revenues (external)	23,264	23,215	0.2	90,951	91,046	-0.1
EBITDA ¹⁾ excl. non-recurring items ²⁾	8,604	8,728	-1.4	35,223	35,584	-1.0
Margin (%)	32.3	32.9		34.9	34.9	
Operating income	4,525	4,560	-0.8	22,679	24,462	-7.3
Operating income excl. non-recurring items	6,757	7,100	-4.8	26,656	28,534	-6.6
Income after financial items	4,027	3,821	5.4	20,107	21,368	-5.9
Net income	2,870	2,695	6.5	15,599	16,767	-7.0
of which attributable to owners of the parent	2,938	2,190	34.2	14,502	14,970	-3.1
Earnings per share (SEK)	0.68	0.51	34.2	3.35	3.46	-3.1
RoCE (%; rolling 12 months)	12.2	13.5		12.2	13.5	
CAPEX-to-sales (%)	21.2	22.8		16.5	16.0	
Net debt	59,320	55,774		59,320	55,774	
Free cash flow	1,635	2,126	-23.1	13,046	16,310	-20.0

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 fourth 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 Denneilind, President and CEO



" In 2014, growth in our industry remained modest, but despite some revenue headwind, TeliaSonera maintained an EBITDA margin, excluding non-recurring items, of 34.9 percent, on par with last year and in line with our projections.

In the fourth quarter, organic service revenues declined by 2.2 percent, impacted by a more challenging macro-economic environment in Eurasia. Due to the somewhat slower overall revenue development, group EBITDA declined by 3.5 percent on a comparable basis.

In Sweden, we continued to upgrade our networks in order to meet the increasing customer demand for high speed internet access. In December we celebrated the five year anniversary of our mobile 4G launch and our network now covers more than 99 percent of the population. Mobile service revenue growth improved to nearly 2 percent, supported by further increase in data usage. The share of 4G enabled handsets in our networks continued to rise and total 4G traffic surpassed 3G. Our fiber network was further expanded in the quarter, now reaching more than 1.1 million Swedish households.

We continue to seek structural opportunities within our footprint with the aim to strengthen our core operations. In early December, we entered into an agreement with Telenor to merge our respective Danish operations into a new joint venture. This market has been in obvious need for consolidation and by this transaction we establish a strong challenger with major synergy potential.

In Eurasia, profitability declined slightly compared to the corresponding period last year, as increased uncertainty regarding overall economic growth impacted our operations in key markets like Kazakhstan and Azerbaijan. We continue to monitor the situation closely and follow the development market by market.

Following a period of change, we have now started our journey towards the new TeliaSonera. We have high ambitions for the future and in 2015 we will execute on our investment plans to drive growth and strengthen long term competitiveness. This involves a further push for fiber in Sweden, new B2B solutions and upgrade of networks across our footprint. We will step up the pace in our business transformation, which is necessary in order to reduce complexity and bring down cost.

We remain determined to create a long term sustainable business as this is important to us and all our stakeholders. In the past year, we have made significant progress in this field by strengthening our governance and processes, areas that we will continuously develop also in the future. Our commitment was supported and visible in our latest employee survey.

In line with our dividend policy and based on the performance in 2014, also reflecting our solid financial position, the board proposes a maintained dividend of SEK 3.00 per share, corresponding to 90 percent payout of earnings per share.

In 2015, we target EBITDA around the same level as in 2014, excluding non-recurring items, in local currencies, excluding acquisitions and disposals, and foresee CAPEX of around SEK 17 billion, excluding license and spectrum fees."

Stockholm, January 29, 2015

Johan Denneilind
President and CEO

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

Group outlook for 2015

EBITDA, excluding non-recurring items, in local currencies, excluding acquisitions and disposals, is expected to be around the same level as in 2014.

CAPEX, excluding license and spectrum fees, is expected to be around SEK 17 billion. Currency fluctuations may impact the reported number in Swedish krona.

In line with the dividend policy, TeliaSonera targets to distribute at least SEK 3.00 for fiscal year 2015.

Review of the group, fourth quarter 2014

SALES AND EARNINGS

Net sales in local currencies, excluding acquisitions and disposals, decreased 2.2 percent. In reported currency, net sales increased 0.2 percent to SEK 26,606 million (26,560). The positive effect of exchange rate fluctuations was 2.0 percent and the positive effect of acquisitions and disposals was 0.4 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 2.2 percent.

In region Sweden, net sales excluding acquisitions and disposals increased 1.9 percent. Net sales including acquisitions and disposals increased 2.9 percent to SEK 9,661 million (9,386).

In region Europe, net sales in local currencies, excluding acquisitions and disposals, decreased 8.0 percent. In reported currency, net sales decreased 4.2 percent to SEK 10,382 million (10,834).

In region Eurasia, net sales in local currencies, excluding acquisitions and disposals, declined 0.1 percent. Net sales in reported currency increased 1.7 percent to SEK 5,328 million (5,241).

The number of subscriptions in the subsidiaries increased by 1.0 million from the end of the fourth quarter of 2013 to 72.8 million. During the quarter, the total number of subscriptions increased by 0.4 million.

EBITDA, excluding non-recurring items, decreased 3.5 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.4 percent to SEK 8,604 million (8,728). The EBITDA margin, excluding non-recurring items, decreased to 32.3 percent (32.9).

Income from associated companies and joint ventures, decreased to SEK 1,546 million (1,724).

Operating income, excluding non-recurring items, decreased 4.8 percent to SEK 6,757 million (7,100).

Non-recurring items affecting operating income totaled SEK -2,232 million (-2,540), mainly related to non-cash impairment charge related to goodwill and other fixed assets in Tajikistan, Georgia and Moldova.

Financial items totaled SEK -498 million (-739) of which SEK -574 million (-721) related to net interest expenses.

Income taxes increased to SEK -1,157 million (-1,126). The effective tax rate was 28.7 percent (29.5). The fourth quarter 2014 was impacted by a revaluation effect of the net deferred tax assets in Spain related to the enacted tax rate reduction. In the fourth quarter of 2013 the effective tax rate was heavily impacted by the enacted tax rate reduction in Finland. The effective tax rate for 2014 increased due to reduced earnings from associated companies.

Non-controlling interests in subsidiaries decreased to SEK -68 million (505).

Net income attributable to owners of the parent company increased 34.2 percent to SEK 2,938 million (2,190) and earnings per share to SEK 0.68 (0.51).

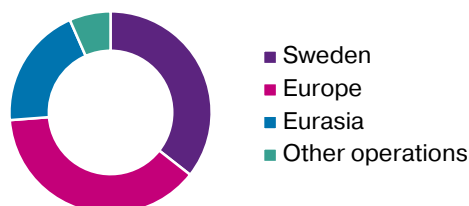
CAPEX decreased to SEK 5,652 million (6,047) and the CAPEX-to-sales ratio decreased to 21.2 percent (22.8). CAPEX excluding license and spectrum fees increased to SEK 5,463 million (5,015) and the CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 20.5 percent (18.9).

Free cash flow decreased to SEK 1,635 million (2,126) due to changes in working capital.

Net debt increased to SEK 59,320 million at the end of the fourth quarter (59,301 at the end of the third quarter of 2014). The net debt/EBITDA ratio was 1.68 (1.68 at the end of the third quarter of 2014).

The equity/assets ratio was 38.0 percent (40.1 percent at the end of the third quarter of 2014).

NET SALES BY REGION



Review of the group, full year 2014

SALES AND EARNINGS

Net sales in local currencies, excluding acquisitions and disposals, decreased 1.8 percent. In reported currency, net sales decreased 0.8 percent to SEK 101,060 million (101,870). The positive effect of exchange rate fluctuations was 0.8 percent and the positive effect of acquisitions and disposals was 0.2 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 1.0 percent.

EBITDA, excluding non-recurring items, decreased 1.0 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.0 percent to SEK 35,223 million (35,584). The EBITDA margin, excluding non-recurring items, was flat at 34.9 percent (34.9).

Income from associated companies and joint ventures, decreased to SEK 4,593 million (6,021).

Operating income, excluding non-recurring items, decreased 6.6 percent to SEK 26,656 million (28,534).

Non-recurring items affecting operating income totaled SEK -3,976 million (-4,072).

Financial items totaled SEK -2,573 million (-3,094) of which SEK -2,538 million (-2,918) related to net interest expenses.

Income taxes decreased to SEK -4,508 million (-4,601). The effective tax rate was 22.4 percent (21.5), impacted by reduced earnings from associated companies, non-tax deductible impairment losses and write-downs in Eurasia and a revaluation effect of the net deferred tax assets in Spain related to the enacted tax rate reduction. In the fourth quarter of 2013, the effective tax rate was heavily impacted by the enacted tax rate reduction in Finland. The effective tax rate going forward is expected to be around 21 percent.

Non-controlling interests in subsidiaries decreased to SEK 1,097 million (1,797).

Net income attributable to owners of the parent company decreased 3.1 percent to SEK 14,502 million (14,970) and earnings per share to SEK 3.35 (3.46).

CAPEX increased to SEK 16,679 million (16,332) and the CAPEX-to-sales ratio increased to 16.5 percent (16.0). CAPEX excluding license and spectrum fees increased to SEK 15,325 million (14,565) and the CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 15.2 percent (14.3).

Free cash flow decreased to SEK 13,046 million (16,310) due to higher cash CAPEX and changes in working capital.

ACQUISITIONS AND DIVESTITURES

- On March 10, 2014, TeliaSonera announced that it had signed an agreement to acquire AinaCom's consumer operations and fixed networks. The price of the arrangement was EUR 47 million on a cash and debt-free basis. The acquisition closed in April.
- On April 1, 2014, TeliaSonera announced that it had acquired the IT and system integrator Siminn Danmark A/S.
- On December 18, 2013, TeliaSonera announced that it had signed agreements to acquire a group of companies within open fiber networks. The acquisition comprised the communication operator Zitius Service Delivery AB as well as Quadracom Networks AB, Quadracom Services AB, QMarket AB and the service provider Rätt Internet Kapacitet i Sverige AB (Riksnät). On May 14, 2014, TeliaSonera announced that the acquisition had been approved by the Swedish Competition Authority. In total, the purchase price amounted to SEK 473 million on a cash and debt-free basis.
- On May 15, 2014, TeliaSonera announced that it had acquired a 15 percent stake in Zound Industries International AB, a start-up marketing fashionable electronic accessories. The purchase price was SEK 30 million.
- On July 7, 2014, TeliaSonera announced that it had agreed to acquire Tele2's operations in Norway at an enterprise value of SEK 5.1 billion on a cash and debt-free basis. TeliaSonera 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 and is expected to be finalized in the first quarter of 2015 at the latest.
- On October 1, 2014, TeliaSonera announced that it had acquired Ipeer AB, a leading corporate supplier of cloud and hosting services.
- On December 3, 2014, TeliaSonera announced that it had entered into an agreement with Telenor to merge the two companies' Danish operations into a new joint venture in which the parties will own 50 percent each. The transaction requires approval from the EU Commission. An EU decision of the transaction is expected during 2015.

SIGNIFICANT EVENTS IN 2014

- On February 11, 2014, TeliaSonera announced that it had issued a 5 year Eurobond of EUR 500 million maturing in February 2019, under its existing EUR 11 billion EMTN (Euro Medium Term Note) program. The Re-offer yield was set at 1.483 percent per annum equivalent to Euro Mid-swaps +45 basis points.
- On February 14, 2014, TeliaSonera announced that it had appointed H el ene Barnekow Senior Vice President and Chief Commercial Officer. H el ene Barnekow is part of the Group Executive Management.
- On March 12, 2014, TeliaSonera announced that the Dutch authorities carried out searches at two of TeliaSonera's Dutch holding companies, TeliaSonera UTA Holding B.V. and TeliaSonera Uzbek Telecom Holding B.V., as they are subject to a preliminary investigation concerning bribery and money laundering. TeliaSonera is cooperating fully with the Dutch authorities.
- On March 17, 2014, TeliaSonera announced that it had been informed that the U.S. Department of Justice (DoJ) has an ongoing investigation regarding TeliaSonera's transactions in Uzbekistan. The DoJ sent a request for documents to TeliaSonera. In addition, TeliaSonera has received a request from the U.S. Securities and Exchange Commission (SEC) to submit documents and information related to Uzbekistan.
- On April 2, 2014, at the Annual General Meeting the Chair of the Board, Marie Ehrling, summarized the review of certain transactions in Eurasia, conducted by Norton Rose Fulbright. The summary is published at www.teliasonera.com.
- 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 Sandstr om 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 had been appointed Senior Vice President and Chief Financial Officer. Christian Luiga is part of the Group Executive Management.
- On April 22, 2014, TeliaSonera announced that it would exercise the mandate to buy back shares to cover commitments under the "Long Term Incentive Program 2011/2014". The Board decided to buy back a maximum of 140,000 shares.
- 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 is 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 27, 2014, TeliaSonera announced that it had appointed Cecilia Lundin new Head of Human Resources and member of Group Executive Management.
 - 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.

- On November 5, 2014, TeliaSonera announced that Åke Södermark, Senior Vice President and Chief Information Officer, had chosen to leave the Group Executive Management at year-end. He will work for the company until April 1, 2015, at which time he will retire.
- On November 27, 2014, TeliaSonera announced that it had issued a bond of SEK 4 billion in a 5 year deal maturing in December 2019, under its existing EUR 12 billion EMTN (Euro Medium Term Note) program. The Re-offer yield was set at 1.185 percent p.a. equivalent to Mid-swaps +53 basis points.
- On December 9, 2014, The Board of Directors of TeliaSonera issued a statement that it leaves open the possibility of suing for damages against earlier officials based on what may be detected in ongoing investigations. At the same time the Board concluded that there are no grounds to sue for damages against former President and CEO Lars Nyberg with respect to fiscal year 2013.

SIGNIFICANT EVENTS AFTER THE END OF 2014

- On January 16, 2015, TeliaSonera announced that in the fourth quarter of 2014, operating income would be impacted by non-recurring items of SEK -2,232 million, of which net SEK -1,973 million relate to non-cash items.

TELIASONERA SHARE

The TeliaSonera share is listed on Nasdaq Stockholm and Nasdaq Helsinki. The share's settlement price in Stockholm decreased 5.9 percent in 2014, from SEK 53.55 to SEK 50.40. The highest share price was SEK 53.20 (54.90) and the lowest SEK 44.32 (41.80). The number of shareholders decreased from 529,394 to 510,566. Ownership by the Swedish state was 37.3 percent and the Finnish state's holding was 7.8 percent. Holdings outside Sweden and Finland increased to 28.8 percent from 25.6 percent.

DIVIDEND POLICY

TeliaSonera shall 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+).

ORDINARY DIVIDEND TO SHAREHOLDERS

For 2014, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 3.00 (3.00), totaling SEK 13.0 billion (13.0), or 90 percent (87) of net income attributable to owners of the parent company.

The Board of Directors proposes that the final day for trading in shares entitling shareholders to dividend be set for April 8, 2015, and that the first day of trading in shares excluding rights to dividend be set for April 9, 2015. The recommended record date at Euroclear Sweden for the right to receive dividend will be April 10, 2015. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on April 15, 2015.

Annual General Meeting 2015

The Annual General Meeting (AGM) will be held on April 8, 2015, at 14:00 CET at Waterfront Congress Centre, Stockholm. Notice of the meeting will be posted on www.teliasonera.com, and advertised in the newspapers at the beginning of March 2015. The record date entitling shareholders to attend the meeting will be March 31, 2015. Shareholders may file notice of intent to attend the AGM from the beginning of March 2015. TeliaSonera must receive notice of attendance no later than March 31, 2015.

Better mobile revenue growth in Sweden

- Mobile service revenue growth increased to 1.5 percent, supported by solid data usage in the consumer segment. This was offset by a decline in fixed service revenues, leading to unchanged EBITDA in absolute terms.
- The fiber roll-out continued at a high pace and more than 1.1 million households can now be reached by the services. Telia's 4G network was further upgraded and population coverage exceeded 99 percent at the end of the quarter.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	9,661	9,386	2.9	36,456	36,199	0.7
<i>Change (%) local organic</i>	<i>1.9</i>			<i>0.2</i>		
of which service revenues (external)	8,427	8,381	0.6	32,897	33,123	-0.7
EBITDA excl. non-recurring items	3,460	3,445	0.4	14,311	14,514	-1.4
Margin (%)	35.8	36.7		39.3	40.1	
Income from associated companies	1	-3		-5	-14	
Operating income	2,147	2,072	3.6	9,746	9,580	1.7
Operating income excl. non-recurring items	2,356	2,413	-2.4	10,130	10,348	-2.1
CAPEX	1,573	1,097	43.4	4,936	4,414	11.8
CAPEX-to-sales ratio	16.3	11.7		13.5	12.2	
EBITDA-CAPEX	1,888	2,349	-19.6	9,375	10,100	-7.2
Subscriptions, (thousands)						
Mobile	6,578	6,546	0.5	6,578	6,546	0.5
Fixed telephony	2,054	2,209	-7.0	2,054	2,209	-7.0
Broadband	1,275	1,208	5.5	1,275	1,208	5.5
TV	697	641	8.7	697	641	8.7
Employees	6,740	6,756	-0.2	6,740	6,756	-0.2

Net sales, excluding acquisitions and disposals, increased 1.9 percent. Net sales including acquisitions and disposals increased 2.9 percent to SEK 9,661 million (9,386). The positive effect of acquisitions and disposals was 1.0 percent. Service revenues, excluding acquisitions and disposals, declined 0.6 percent.

EBITDA, excluding non-recurring items, acquisitions and disposals, was unchanged. EBITDA, excluding non-recurring items, but including acquisitions and disposals, increased 0.4 percent to SEK 3,460 million (3,445). The EBITDA margin decreased to 35.8 percent (36.7).

CAPEX increased to SEK 1,573 million (1,097) and CAPEX, excluding licenses and spectrum fees, increased to SEK 1,573 million (1,097).

Mobile service revenues increased 1.5 percent, of which billed revenues grew 2.3 percent, supported by strong B2C sales and temporarily less pressure on B2B sales in the quarter.

The number of mobile subscriptions grew by 18,000 in the quarter, while churn levels were reduced compared to the corresponding quarter last year. Blended ARPU grew 3 percent to SEK 190, driven by continued migration to the new price model and increased data usage.

Fixed service revenues decreased 3.0 percent, as broadband and TV revenues could not fully compensate for the decline in traditional telephony revenues.

In the quarter the number of fixed broadband and TV subscriptions grew by 15,000 and 16,000, respectively.

Higher margin in region Europe

- Local organic service revenues decreased 2.8 percent in the quarter, affected by reduced regulated interconnect rates and price competition in some markets, while the EBITDA margin slightly improved.
- TeliaSonera announced an agreement with Telenor to merge the two companies' Danish operations into a new joint venture, subject to regulatory approval. The approval process of the Tele2 Norway acquisition continued and a final decision from the Norwegian competition authorities is expected by February 5, at the latest.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	10,382	10,834	-4.2	39,836	41,360	-3.7
<i>Change (%) local organic</i>	<i>-8.0</i>			<i>-7.3</i>		
of which service revenues (external)	8,388	8,291	1.2	33,017	32,840	0.5
EBITDA excl. non-recurring items	2,467	2,448	0.8	9,772	9,740	0.3
Margin (%)	23.8	22.6		24.5	23.5	
Income from associated companies	25	34	-25.0	108	110	-1.2
Operating income	879	-114		4,401	3,498	25.8
Operating income excl. non-recurring items	1,054	1,208	-12.7	4,759	5,126	-7.2
CAPEX	1,727	2,586	-33.2	4,699	5,368	-12.5
CAPEX-to-sales ratio	16.6	23.9		11.8	13.0	
EBITDA-CAPEX	740	-137		5,073	4,372	16.0
Subscriptions, (thousands)						
Mobile	14,113	13,950	1.2	14,113	13,950	1.2
Fixed telephony	980	1,038	-5.6	980	1,038	-5.6
Broadband	1,415	1,283	10.3	1,415	1,283	10.3
TV	854	789	8.3	854	789	8.3
Employees	10,917	11,120	-1.8	10,917	11,120	-1.8

Net sales in local currencies, excluding acquisitions and disposals, decreased 8.0 percent. In reported currency, net sales decreased 4.2 percent to SEK 10,382 million (10,834). The positive effect of exchange rate fluctuations was 3.7 percent and the positive effect of acquisitions and disposals was 0.1 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 2.8 percent.

EBITDA, excluding non-recurring items, decreased 3.3 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 0.8 percent to SEK 2,467 million (2,448). The EBITDA margin rose to 23.8 percent (22.6).

CAPEX decreased to SEK 1,727 million (2,586) and CAPEX, excluding licenses and spectrum fees, increased to SEK 1,727 million (1,623).

Finland – Growth impacted by lower interconnect rates

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	3,360	3,278	2.5	12,905	12,596	2.5
<i>Change (%) local organic</i>	-2.0			-2.6		
of which service revenues (external)	2,969	2,889	2.8	11,610	11,232	3.4
EBITDA excl. non-recurring items	876	932	-5.9	3,925	3,850	2.0
Margin (%)	26.1	28.4		30.4	30.6	
Subscriptions, (thousands)						
Mobile	3,365	3,345	0.6	3,365	3,345	0.6
Fixed telephony	99	108	-8.3	99	108	-8.3
Broadband	561	532	5.5	561	532	5.5
TV	481	436	10.3	481	436	10.3

Service revenues declined 1.8 percent in local currency, excluding acquisitions and disposals. Higher mobile billed revenues was offset by lower interconnect revenues, while fixed service revenues were burdened by lower traditional telephony revenues.

Blended mobile ARPU fell 6.1 percent, compared to the corresponding quarter last year.

The EBITDA margin, excluding non-recurring items, decreased to 26.1 percent (28.4), partly related to higher costs in customer operations.

The number of subscriptions in fixed broadband and TV grew by 8,000 and 4,000, respectively, in the quarter. The number of mobile subscriptions grew by 3,000 in the quarter and by 20,000 during the year.

Norway – Margin expansion

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	1,799	1,742	3.3	6,864	7,056	-2.7
<i>Change (%) local organic</i>	3.0			0.3		
of which service revenues (external)	1,417	1,408	0.6	5,655	5,904	-4.2
EBITDA excl. non-recurring items	543	511	6.3	2,130	2,144	-0.7
Margin (%)	30.2	29.3		31.0	30.4	
Subscriptions, (thousands)						
Mobile	1,600	1,612	-0.7	1,600	1,612	-0.7

Service revenues grew 0.3 percent in local currency, excluding acquisitions and disposals, supported by continued migration to data centric price plans. Over 80 percent of the consumer postpaid base is now migrated over to the new price plans.

The EBITDA margin, excluding non-recurring items, increased to 30.2 percent (29.3), mainly due to lower subscriber acquisition costs and more sales in own channels.

The number of mobile subscriptions was reduced by 11,000 in the quarter.

Denmark – Continued subscription growth

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	1,574	1,431	10.0	5,761	5,325	8.2
<i>Change (%) local organic</i>	<i>3.5</i>			<i>1.3</i>		
of which service revenues (external)	1,093	1,032	5.9	4,272	4,098	4.3
EBITDA excl. non-recurring items	214	199	7.6	771	731	5.4
Margin (%)	13.6	13.9		13.4	13.7	
Subscriptions, (thousands)						
Mobile	1,581	1,522	3.9	1,581	1,522	3.9
Fixed telephony	122	121	0.8	122	121	0.8
Broadband	114	99	15.6	114	99	15.6
TV	20	18	12.7	20	18	12.7

Service revenues declined 0.1 percent in local currency, excluding acquisitions and disposals. Mobile service revenues were impacted by lower interconnect revenues, while fixed service revenues increased.

The EBITDA margin, excluding non-recurring items, remained more or less flat at 13.6 percent (13.9).

The number of mobile subscriptions grew by 15,000 in the quarter and by 59,000 during the year.

Lithuania – Higher profitability amid tough conditions

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	798	744	7.1	2,950	2,911	1.3
<i>Change (%) local organic</i>	<i>2.5</i>			<i>-3.7</i>		
of which service revenues (external)	635	630	0.7	2,474	2,514	-1.6
EBITDA excl. non-recurring items	265	229	15.4	1,012	1,027	-1.5
Margin (%)	33.2	30.8		34.3	35.3	
Subscriptions, (thousands)						
Mobile	1,537	1,634	-5.9	1,537	1,634	-5.9
Fixed telephony	468	504	-7.1	468	504	-7.1
Broadband	516	430	20.0	516	430	20.0
TV	187	172	8.7	187	172	8.7

Service revenues declined 3.7 percent in local currency, excluding acquisitions and disposals. Mobile service revenues were negatively impacted by price erosion in both the B2B and B2C segment. Fixed service revenues were burdened by lower traditional fixed telephony revenues.

The number of mobile subscriptions fell by 18,000 in the quarter, despite growth in the number of postpaid subscriptions.

The EBITDA margin, excluding non-recurring items, rose to 33.2 percent (30.8), mainly due to reduced headcount and cost saving activities.

The number of fixed broadband subscriptions grew by 27,000 in the quarter and by 86,000 during the year. 7,000 TV subscriptions were added in the quarter.

Latvia – Positive service revenue trend

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	350	374	-6.5	1,458	1,492	-2.2
<i>Change (%) local organic</i>	<i>-10.8</i>			<i>-6.9</i>		
of which service revenues (external)	282	268	5.4	1,132	1,088	4.0
EBITDA excl. non-recurring items	111	128	-13.1	454	449	1.1
Margin (%)	31.7	34.1		31.2	30.1	
Subscriptions, (thousands)						
Mobile	1,113	1,083	2.8	1,113	1,083	2.8

Service revenues grew 0.8 percent in local currency, excluding acquisitions and disposals, as higher billed revenues counteracted lower interconnect revenues.

Blended mobile ARPU decreased 4.3 percent compared to the corresponding quarter last year.

The EBITDA margin, excluding non-recurring items, decreased to 31.7 percent (34.1), partly explained by increased marketing activities.

The number of subscriptions fell by 9,000 in the quarter, while the number of subscriptions grew by 30,000 during the year.

Estonia – Strong mobile data growth

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	695	683	1.7	2,630	2,599	1.2
<i>Change (%) local organic</i>	<i>-3.6</i>			<i>-4.0</i>		
of which service revenues (external)	524	515	1.8	2,075	2,042	1.6
EBITDA excl. non-recurring items	191	199	-4.0	855	849	0.7
Margin (%)	27.5	29.1		32.5	32.7	
Subscriptions, (thousands)						
Mobile	873	865	0.9	873	865	0.9
Fixed telephony	291	305	-4.6	291	305	-4.6
Broadband	224	222	0.9	224	222	0.9
TV	166	163	1.8	166	163	1.8

Service revenues declined 2.8 percent in local currency, excluding acquisitions and disposals. Mobile billed revenues increased slightly, fuelled by higher mobile data usage. Fixed service revenue declined, burdened by lower traditional fixed telephony revenues.

The EBITDA margin, excluding non-recurring items, decreased to 27.5 percent (29.1), due to higher marketing and personnel expenses.

The number of fixed broadband and TV subscriptions grew marginally in the quarter while the number of mobile subscriptions increased by 16,000 in the quarter.

Spain – Margin improvement

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	2,032	2,601	-21.9	7,562	9,467	-20.1
<i>Change (%) local organic</i>	<i>-25.5</i>			<i>-24.1</i>		
of which service revenues (external)	1,469	1,549	-5.2	5,799	5,961	-2.7
EBITDA excl. non-recurring items	267	251	6.3	625	690	-9.4
Margin (%)	13.1	9.7		8.3	7.3	
Subscriptions, (thousands)						
Mobile	4,044	3,889	4.0	4,044	3,889	4.0

Mobile service revenues fell 9.5 percent in local currency, excluding acquisitions and disposals, due to continued ARPU erosion.

Equipment sales nearly halved in the quarter to SEK 559 million, explained by lower gross intake of subscriptions, changed handset financing scheme and a handset portfolio focused on the low to mid segment, reducing the average price per sold device.

The EBITDA margin, excluding non-recurring items, rose to 13.1 percent (9.7), helped by less low margin equipment sales and lower subscriber acquisition and retention costs. EBITDA in the corresponding quarter last year included positive one-time item of SEK 179 million related to tower sales.

The number of subscriptions grew by 13,000 in the quarter, supported by lower churn levels, and 155,000 subscriptions were added during the year.

Macroeconomic challenges in Eurasia

- Organic service revenues declined by 2.4 percent, as increased uncertainty regarding overall economic growth impacted operations in key markets like Kazakhstan and Azerbaijan.
- Subscription growth continued in the quarter, with positive net additions in six out of seven markets. Growth in mobile data volumes remained strong and nearly doubled compared to the corresponding period last year.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	5,328	5,241	1.7	20,458	20,414	0.2
<i>Change (%) local organic</i>	<i>-0.1</i>			<i>4.4</i>		
of which service revenues (external)	5,047	5,085	-0.7	19,473	19,797	-1.6
EBITDA excl. non-recurring items	2,702	2,778	-2.7	10,859	10,804	0.5
Margin (%)	50.7	53.0		53.1	52.9	
Income from associated companies	0	6	-92.2	26	19	40.3
Operating income	131	1,541	-91.5	4,936	6,640	-25.7
Operating income excl. non-recurring items	1,953	2,138	-8.7	7,819	7,849	-0.4
CAPEX	1,577	1,267	24.4	4,724	4,712	0.3
CAPEX-to-sales ratio	29.6	24.2		23.1	23.1	
EBITDA -CAPEX	1,125	1,510	-25.5	6,135	6,092	0.7
Subscriptions, (thousands)						
Mobile	44,866	44,177	1.6	44,866	44,177	1.6
Employees	5,273	4,904	7.5	5,273	4,904	7.5

Net sales in local currencies, excluding acquisitions and disposals, declined 0.1 percent. In reported currency, net sales increased 1.7 percent to SEK 5,328 million (5,241). The positive effect of exchange rate fluctuations was 1.8 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 2.4 percent.

EBITDA, excluding non-recurring items, decreased 4.7 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 2.7 percent to SEK 2,702 million (2,778). The EBITDA margin fell to 50.7 percent (53.0).

CAPEX increased to SEK 1,577 million (1,267) and CAPEX, excluding licenses and spectrum fees, increased to SEK 1,388 million (1,198).

Kazakhstan – Pressure on service revenues

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	1,852	2,111	-12.3	7,248	8,111	-10.6
<i>Change (%) local organic</i>	-7.1			-0.5		
of which service revenues (external)	1,770	2,108	-16.1	7,043	8,104	-13.1
EBITDA excl. non-recurring items	973	1,206	-19.3	4,032	4,481	-10.0
Margin (%)	52.6	57.1		55.6	55.2	
Subscriptions, (thousands)						
Mobile	13,099	14,307	-8.4	13,099	14,307	-8.4

Service revenues declined 11.2 percent in local currency, excluding acquisitions and disposals, burdened by lower voice and messaging revenues, due to change in market dynamics, lower regulated maximum tariffs and some one-off related items.

The EBITDA margin, excluding non-recurring items, dropped to 52.6 percent (57.1), mainly due to lower service revenues and increased low margin equipment sales.

The number of subscriptions fell by 10,000 in the quarter.

Azerbaijan – Slowing service revenue development

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	968	958	1.0	3,778	3,824	-1.2
<i>Change (%) local organic</i>	-8.2			-5.3		
of which service revenues (external)	956	954	0.2	3,757	3,809	-1.4
EBITDA excl. non-recurring items	496	505	-1.8	2,042	1,912	6.8
Margin (%)	51.2	52.7		54.0	50.0	
Subscriptions, (thousands)						
Mobile	4,567	4,379	4.3	4,567	4,379	4.3

Service revenues declined 9.4 percent in local currency, excluding acquisitions and disposals. Higher data revenues could not compensate for lower voice revenues due to reduced regulated international tariffs, impact from regional campaigns as well as lower incoming traffic from Russia and some one-off related items.

The EBITDA margin, excluding non-recurring items, decreased to 51.2 percent (52.7), due to lower service revenues and somewhat higher sales commissions.

The number of subscriptions grew by 25,000 in the quarter.

Uzbekistan – Continued revenue and earnings growth

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	963	821	17.4	3,613	3,118	15.9
<i>Change (%) local organic</i>	15.7			21.7		
of which service revenues (external)	962	820	17.3	3,607	3,115	15.8
EBITDA excl. non-recurring items	495	402	23.0	1,944	1,680	15.7
Margin (%)	51.4	49.0		53.8	53.9	
Subscriptions, (thousands)						
Mobile	8,574	8,496	0.9	8,574	8,496	0.9

Service revenues grew 15.7 percent in local currency, excluding acquisitions and disposals, mainly driven by higher data usage and a larger subscription base.

The EBITDA margin, excluding non-recurring items, increased to 51.4 percent (49.0), helped by higher revenues and cost optimization activities.

The number of subscriptions grew by 139,000 in the quarter, despite a new entrant in the market in December. Ucell launched commercial 4G services during the quarter.

Tajikistan – Pressure on revenue and profitability

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	217	234	-7.5	857	932	-8.1
<i>Change (%) local organic</i>	-12.3			-9.5		
of which service revenues (external)	184	198	-6.9	708	785	-9.8
EBITDA excl. non-recurring items	72	115	-37.4	364	472	-22.8
Margin (%)	33.1	48.9		42.5	50.6	
Subscriptions, (thousands)						
Mobile	3,328	3,301	0.8	3,328	3,301	0.8

Service revenues declined 11.7 percent in local currency, excluding acquisitions and disposals, mainly due to a decline in international traffic and increased price competition in some of the regions.

The EBITDA margin, excluding non-recurring items, dropped to 33.1 percent (48.9). Profitability was impacted by lower sales, higher interconnect expenses, increased regulated cost for numbering pool and regional marketing campaigns.

The number of subscriptions grew by 53,000 in the quarter.

Georgia – Strong subscription intake

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	227	227	-0.1	874	915	-4.5
<i>Change (%) local organic</i>	-4.7			-3.4		
of which service revenues (external)	214	224	-4.6	813	901	-9.8
EBITDA excl. non-recurring items	93	86	8.3	355	385	-7.8
Margin (%)	41.0	37.8		40.6	42.0	
Subscriptions, (thousands)						
Mobile	2,088	1,803	15.8	2,088	1,803	15.8

Service revenues declined 8.9 percent in local currency, excluding acquisitions and disposals, mainly due to lower interconnect revenues. Billed revenues continued to grow, supported by strong data growth.

The EBITDA margin, excluding non-recurring items, rose to 41.0 percent (37.8), mainly due lower interconnect costs and cost savings.

The number of subscriptions grew by 42,000 in the quarter and by 285,000 during the year.

Moldova – Margin pressure

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	130	130	0.5	497	512	-3.0
<i>Change (%) local organic</i>	2.1			2.5		
of which service revenues (external)	108	118	-8.0	436	473	-7.8
EBITDA excl. non-recurring items	33	47	-28.7	131	185	-29.2
Margin (%)	25.5	36.0		26.4	36.2	
Subscriptions, (thousands)						
Mobile	1,120	1,024	9.4	1,120	1,024	9.4

Service revenues declined 6.7 percent in local currency, excluding acquisitions and disposals, burdened by lower interconnect revenues and slightly lower billed revenues, as growth in data revenues could not fully compensate for lower voice revenues.

The EBITDA margin, excluding non-recurring items, fell to 25.5 percent (36.0), partly due to lower service revenues and higher share of low margin equipment sales.

The number of subscriptions grew by 27,000 in the quarter and by 96,000 during the year.

Nepal – Solid performance

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	970	767	26.3	3,593	3,023	18.9
<i>Change (%) local organic</i>	<i>15.0</i>			<i>18.9</i>		
of which service revenues (external)	851	662	28.5	3,099	2,604	19.0
EBITDA excl. non-recurring items	572	459	24.5	2,155	1,803	19.5
Margin (%)	59.0	59.8		60.0	59.6	
Subscriptions, (thousands)						
Mobile	12,090	10,867	11.3	12,090	10,867	11.3

Service revenues rose 17.0 percent in local currency, excluding acquisitions and disposals, supported by continued strong data growth and increased voice traffic.

The EBITDA margin, excluding non-recurring items, fell marginally to 59.0 percent (59.8), mainly due to slightly higher marketing expenses.

The number of subscriptions grew by 62,000 in the quarter and by over 1.2 million during the year.

Other operations

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2014	Oct-Dec 2013	Chg (%)	Jan-Dec 2014	Jan-Dec 2013	Chg (%)
Net sales	1,792	1,825	-1.8	7,043	6,668	5.6
<i>Change (%) local organic</i>	-5.9			2.3		
of which International Carrier	1,526	1,533	-0.5	5,964	5,584	6.8
EBITDA excl. non-recurring items	-26	52	-	282	513	-45.1
of which International Carrier	112	94	18.3	371	368	0.7
Margin (%)	-1.4	2.8		4.0	7.7	
Income from associated companies	1,519	1,687	-9.9	4,463	5,906	-24.4
of which Russia	646	890	-27.4	2,247	3,128	-28.2
of which Turkey	874	800	9.3	2,213	2,779	-20.4
Operating income	1,368	1,058	29.3	3,597	4,731	-24.0
Operating income excl. non-recurring items	1,393	1,336	4.3	3,948	5,197	-24.0
CAPEX	772	1,077	-28.3	2,317	1,839	26.0
Employees	3,236	3,233	0.1	3,236	3,233	0.1

Net sales in local currencies, excluding acquisitions and disposals, decreased 5.9 percent. In reported currency, net sales decreased 1.8 percent to SEK 1,792 million (1,825). The positive effect of exchange rate fluctuations was 4.1 percent.

EBITDA, excluding non-recurring items, decreased to SEK -26 million (52). The EBITDA margin, excluding non-recurring items, fell to -1.4 percent (2.8).

In International Carrier, net sales decreased 0.5 percent to SEK 1,526 million (1,533) and the EBITDA margin, excluding non-recurring items, increased to 7.3 percent (6.2).

Income from associated companies, excluding non-recurring items, declined to SEK 1,519 million (1,687). The lower contribution from MegaFon in Russia is largely explained by currency effects and one-off items.

Condensed consolidated statements of comprehensive income

SEK in millions, except per share data, number of shares and changes	Oct-Dec 2014	Oct-Dec ¹⁾ 2013	Chg (%)	Jan- Dec 2014	Jan-Dec ¹⁾ 2013	Chg (%)
Net sales	26,606	26,560	0.2	101,060	101,870	-0.8
Cost of sales	-16,634	-16,108	3.3	-58,091	-57,883	0.4
Gross profit	9,972	10,452	-4.6	42,969	43,987	-2.3
Selling, admin. and R&D expenses	-6,142	-6,091	0.8	-22,987	-22,801	0.8
Other operating income and expenses, net	-851	-1,525	-44.2	-1,895	-2,745	-31.0
Income from associated companies and joint ventures	1,546	1,724	-10.3	4,593	6,021	-23.7
Operating income	4,525	4,560	-0.8	22,679	24,462	-7.3
Finance costs and other financial items, net	-498	-739	-32.6	-2,573	-3,094	-16.9
Income after financial items	4,027	3,821	5.4	20,107	21,368	-5.9
Income taxes	-1,157	-1,126	2.7	-4,508	-4,601	-2.0
Net income	2,870	2,695	6.5	15,599	16,767	-7.0
Items that may be reclassified to net income:						
Foreign currency translation differences	540	899		3,065	-3,809	
Income from associated companies and joint ventures	-49	-33		9	-153	
Cash flow hedges	331	-68		69	334	
Available-for-sale financial instruments	1	-3		3	-2	
Income tax relating to items that will be reclassified	425	320		845	367	
Items that will not be reclassified to net in- come:						
Remeasurements of defined benefit pension plans	-366	1,350		-3,953	4,402	
Income tax relating to items that will not be reclassified	107	-280		870	-966	
Associates' remeasurements of defined benefit pension plans	0	0		5	-9	
Other comprehensive income	989	2,185		911	164	
Total comprehensive income	3,859	4,880		16,510	16,931	
Net income attributable to:						
Owners of the parent	2,938	2,190		14,502	14,970	
Non-controlling interests	-68	505		1,097	1,797	
Total comprehensive income attributable to:						
Owners of the parent	3,745	4,310		15,081	15,260	
Non-controlling interests	114	570		1,429	1,671	
Earnings per share (SEK), basic and diluted	0.68	0.51		3.35	3.46	
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	8,409	8,309	1.2	33,675	33,656	0.1
EBITDA excl. non-recurring items	8,604	8,728	-1.4	35,223	35,584	-1.0
Depreciation, amortization and impairment losses	-5,429	-5,473	-0.8	-15,589	-15,215	2.5
Operating income excl. non-recurring items	6,757	7,100	-4.8	26,656	28,534	-6.6

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

Condensed consolidated statements of financial position

SEK in millions	Dec 31, 2014	Dec 31, 2013 ¹⁾
Assets		
Goodwill and other intangible assets	86,161	81,522
Property, plant and equipment	69,669	64,792
Investments in associates and joint ventures, deferred tax assets and other non-current assets	40,256	37,202
Long-term interest-bearing receivables	14,336	9,479
<i>Total non-current assets</i>	<i>210,422</i>	<i>192,995</i>
Inventories	1,779	1,582
Trade receivables, current tax assets and other receivables	20,137	20,217
Short-term interest-bearing receivables	10,993	6,679
Cash and cash equivalents	28,735	31,355
<i>Total current assets</i>	<i>61,644</i>	<i>59,833</i>
Total assets	272,066	252,828
Equity and liabilities		
Equity attributable to owners of the parent	111,383	108,324
Equity attributable to non-controlling interests	4,981	4,610
<i>Total equity</i>	<i>116,364</i>	<i>112,934</i>
Long-term borrowings	90,168	80,089
Deferred tax liabilities, other long-term provisions	26,108	21,781
Other long-term liabilities	1,887	1,356
<i>Total non-current liabilities</i>	<i>118,163</i>	<i>103,226</i>
Short-term borrowings	11,321	10,634
Trade payables, current tax liabilities, short-term provisions and other current liabilities	26,218	26,034
<i>Total current liabilities</i>	<i>37,539</i>	<i>36,668</i>
Total equity and liabilities	272,066	252,828

1) Restated for comparability, see page 24.

Condensed consolidated statements of cash flows

SEK in millions	Oct-Dec 2014	Oct-Dec 2013 ¹⁾	Jan-Dec 2014	Jan-Dec 2013 ¹⁾
Cash flow before change in working capital	6,401	6,506	29,366	30,306
Change in working capital	245	863	-114	730
Cash flow from operating activities	6,645	7,369	29,252	31,036
Cash CAPEX	-5,011	-5,243	-16,206	-14,726
Free cash flow	1,635	2,126	13,046	16,310
Cash flow from other investing activities	-6,774	177	-5,774	82
Total cash flow from investing activities	-11,784	-5,066	-21,979	-14,644
Cash flow before financing activities	-5,139	2,303	7,272	16,392
Cash flow from financing activities	3,369	2,048	-10,269	-15,013
Cash flow for the period	-1,770	4,351	-2,997	1,379
Cash and cash equivalents, opening balance	30,423	26,831	31,355	29,690
Cash flow for the period	-1,770	4,351	-2,997	1,379
Exchange rate differences	82	173	377	286
Cash and cash equivalents, closing balance	28,735	31,355	28,735	31,355

1) Restated for comparability, see page 24.

Condensed consolidated statements of changes in equity

SEK in millions	Jan-Dec 2014			Jan-Dec 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	-1,058	-14,048	-12,340	-1,017	-13,357
Repurchased treasury shares	-6	–	-6	-4	–	-4
Total comprehensive income	15,081	1,429	16,510	15,260	1,671	16,931
Share-based payments	18	–	18	18	–	18
Effect of equity transactions in associates	955	–	955	240	–	240
Closing balance	111,383	4,981	116,364	108,324	4,610	112,934

Basis of preparation

GENERAL

As in the annual accounts for 2013, TeliaSonera's consolidated financial statements as of and for year ended December 31, 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 fourth quarter of 2014, the IASB issued amendments to IAS 1 "*Presentation of Financial Statements: Disclosure Initiative*" as part of a larger project to improve presentation and disclosures in financial reports and to encourage companies to apply judgment in determining what information to disclose and how to structure it in their financial statements. The amendments clarify rather than significantly change, existing IAS 1 requirements. The amendment clarifies that disclosures specifically required by an IFRS need only be provided if material; the list of line items in the statements specified by IAS 1 can be disaggregated

and aggregated as relevant in the financial statements. The amendments also make clear that there is flexibility in which order notes are presented and where accounting policies are presented. The structure of the annual report should be comparable and understandable between the years. The amendments are effective as of January 1, 2016. Earlier application is permitted.

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

CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD CLASSIFICATION ERROR

For comparability, reclassifications of balances between cash and cash equivalents and short-term investments, and reclassification between short-term and long-term non-interest bearing receivables have been made for 2013. The reclassifications have not affected net debt or operating cash flow.

For additional 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	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Within EBITDA	-195	-419	-1,549	-1,928
Restructuring charges, synergy implementation costs, etc.:				
Region Sweden	-180	-45	-354	-472
Region Europe	-22	-130	-204	-415
Region Eurasia	32	-97	-637	-321
Other operations	81	-144	-246	-331
Capital gains/losses	-107	-2	-107	-389
Within Depreciation, amortization and impairment losses	-2,037	-2,156	-2,428	-2,179
Impairment losses, accelerated depreciation:				
Region Sweden	-29	-296	-29	-296
Region Europe	-152	-1,191	-152	-1,213
Region Eurasia	-1,855	-500	-2,246	-500
Other operations	-1	-169	-1	-169
Within Income from associated companies and joint ventures	-	35	-	35
Capital gains/losses	-	35	-	35
Total	-2,232	-2,540	-3,976	-4,072

Deferred taxes

SEK in millions	Dec 31, 2014	Dec 31, 2013
Deferred tax assets	5,955	5,493
Deferred tax liabilities	-10,840	-10,063
Net deferred tax liabilities (-)/assets (+)	-4,885	-4,570

Segment and group operating income

SEK in millions	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Region Sweden	2,147	2,072	9,746	9,580
Region Europe	879	-114	4,401	3,498
Region Eurasia	131	1,541	4,936	6,640
Other operations	1,368	1,058	3,597	4,731
Total segments	4,525	4,556	22,680	24,449
Eliminations	0	4	0	13
Group	4,525	4,560	22,679	24,462

Investments

SEK in millions	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
CAPEX	5,652	6,047	16,679	16,332
Intangible assets	830	1,670	2,756	3,322
Property, plant and equipment	4,822	4,377	13,923	13,010
Acquisitions and other investments	254	255	1,220	1,461
Asset retirement obligations	105	167	171	220
Goodwill and fair value adjustments	138	52	1,004	1,038
Equity holdings	11	36	45	203
Total	5,906	6,302	17,899	17,793

Financial instruments – fair values

Long-term and short-term borrowings ¹⁾ SEK in millions	Dec 31, 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	26,955	34,726	19,289	20,225
Interest rate swaps	283	283	254	254
Cross currency interest rate swaps	1,577	1,577	1,630	1,630
Subtotal	28,814	36,585	21,173	22,109
Open-market financing program borrowings	57,861	63,534	57,026	60,698
Other borrowings at amortized cost	3,431	3,431	1,834	1,834
Subtotal	90,106	103,549	80,033	84,641
Finance lease agreements	62	62	56	56
Total long-term borrowings	90,168	103,611	80,089	84,697
Short term borrowings				
Open-market financing program borrowings in fair value hedge relationships	7,414	7,414	2,735	2,818
Interest rate swaps	–	–	31	31
Cross currency interest rate swaps	329	329	17	17
Subtotal	7,743	7,743	2,783	2,866
Utilized bank overdraft and short-term credit facilities at amortized cost	1,057	1,058	811	811
Open-market financing program borrowings	725	726	5,954	5,995
Other borrowings at amortized cost	1,786	1,786	1,083	1,083
Subtotal	11,311	11,313	10,631	10,755
Finance lease agreements	10	10	3	3
Total short-term borrowings	11,321	11,323	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	Dec 31, 2014				Dec 31, 2013			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments available-for-sale	228	–	–	228	190	–	–	190
Equity instruments held-for-trading	108	–	–	108	70	–	–	70
Long- and short-term bonds available-for-sale	4,950	4,950	–	–	162	160	–	2
Derivatives designated as hedging instruments	3,901	–	3,901	–	1,533	–	1,533	–
Derivatives held-for-trading	1,923	–	1,868	55	1,374	–	1,374	–
Total financial assets at fair value by level	11,110	4,950	5,770	391	3,329	160	2,907	262
Financial liabilities at fair value								
Borrowings in fair value hedge relationships	34,369	–	34,369	–	22,025	–	22,025	–
Derivatives designated as hedging instruments	1,727	–	1,727	–	1,090	–	1,090	–
Derivatives held-for-trading	882	–	882	–	1,013	–	1,013	–
Total financial liabilities at fair value by level	36,978	–	36,978	–	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 year ended December 31, 2014, TeliaSonera purchased services for SEK 260 million, and sold services for SEK 360 million. Related parties in these transactions were mainly MegaFon, Turkcell and Lat-telecom.

Net debt

SEK in millions	Dec 31, 2014	Dec 31, 2013
Long-term and short-term borrowings	101,489	90,723
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-5,618	-2,878
Less long-term bonds available for sale	-4,671	–
Less short-term investments, cash and bank	-31,880	-32,071
Net debt	59,320	55,774

Loan financing and credit rating

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

The rating from Standard & Poor's remained unchanged with a credit rating on TeliaSonera AB of A- for long-term borrowings and A-2 for short-term borrowings with a stable outlook. Moodys' has confirmed the long-term rating of A3 and P2 for short-term borrowings but changed the outlook to negative.

The favorable new issue terms are set to continue during the first quarter of 2015 with support from further central bank stimulus keeping underlying yields and credit spreads low.

TeliaSonera issued SEK 4 billion in a 5 year SEK transaction at the end of November. The two tranche deal had one fixed tranche with an annual coupon of 1.125 percent and a floating tranche with a spread of 53 basis points over 3 month Stibor.

With a solid liquidity position TeliaSonera has limited funding needs during 2015. The opportunistic strategy remains, to take advantage of attractive opportunities when they appear with a special focus on diversifying the investor base.

Financial key ratios

	Dec 31, 2014	Dec 31, 2013 ¹⁾
Return on equity (% , rolling 12 months)	15.0	15.9
Return on capital employed (% , rolling 12 months)	12.2	13.5
Equity/assets ratio (%)	38.0	39.5
Net debt/equity ratio (%)	57.4	55.8
Net debt/EBITDA rate excl. non-recurring items (multiple, rolling 12 months)	1.68	1.57
Net debt/assets ratio	21.8	22.1
Owners' equity per share (SEK)	25.72	25.02

1) Recalculated to reflect reclassifications of underlying figures and certain definition changes. See pages 24 and 34.

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 4,925 million, MegaFon shares held by TCI, representing 3.27 percent of the shares in MegaFon, are presently pledged to TeliaSonera. Two tranches are remaining out of a total of five. 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 December 31, 2014, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 320 million, of which SEK 287 million referred to guarantees for pension obligations. Collateral pledged totaled SEK 426 million.

Contractual obligations and commitments

As of December 31, 2014, contractual obligations totaled SEK 2,117 million, of which SEK 1,286 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden.

Business combinations in the fourth 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.

IPEER AB

On October 1, 2014 TeliaSonera acquired all shares in Ipeer AB, a leading corporate supplier of cloud and hosting services in Sweden. As a result of the transaction, TeliaSonera supplements its product portfolio of network and access services and are able to offer its business customers in Sweden completely new total solutions.

The results of the acquired operations were included in the consolidated financial statements as of October 1, 2014. Goodwill is explained by the company's ability to generate new customers.

MINOR BUSINESS COMBINATIONS

For a minor business combination in the fourth quarter of 2014, the cost of combination totaled SEK 7 million and the net cash outflow SEK 7 million. No goodwill was recognized.

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

SEK in millions	Ipeer
Cost of combination	
Cash consideration	143
Contingent consideration	–
Total cost of the combination	143
Fair value of net assets acquired	
Intangible assets (mainly customer relations and technology)	59
Property, plant and equipment	30
Non-current receivables	1
Current receivables	11
Cash and cash equivalents	3
Total assets acquired	105
Deferred income tax liabilities	-13
Other non-current liabilities	-18
Current liabilities	-22
Total liabilities assumed	-53
Total fair value of net assets acquired	51
Goodwill	92

SEK in millions	Ipeer
Total cost of the combination paid in cash	143
Less cash and cash equivalents	-3
Net cash outflow from the combination	140

Parent company

Condensed income statements SEK in millions	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	0	1	4	7
Operating income	-728	-920	-916	-1,023
Income after financial items	3,658	-3,368	2,493	7,801
Income before taxes	5,419	-207	10,243	17,862
Net income	5,784	-206	10,012	16,860

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

after financial items was also affected by foreign exchange rate effects.

Condensed balance sheets SEK in millions	Dec 31, 2014	Dec 31, 2013
Non-current assets	155,495	179,378
Current assets	65,805	64,302
Total assets	221,300	243,680
Shareholders' equity	83,732	86,661
Untaxed reserves	11,476	11,246
Provisions	478	571
Liabilities	125,614	145,202
Total equity and liabilities	221,300	243,680

Total investments in the period were SEK 4,314 million (1,090), of which SEK 3,621 million (1,052) 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 4,925 million, MegaFon shares held by TCI, representing 3.27 percent of the shares in MegaFon, are presently pledged to the parent company. Two tranches are remaining out of a total of five. 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 2015 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 other international political conflicts and developments 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 9.5 billion, including group companies' receivables totaling approximately SEK 6.8 billion, cash and cash equivalents of approximately SEK 1.4 billion and short-term investments of approximately SEK 0.7 billion. The net exposure increase in 2014 is due mainly to exchange rate effects, but also to growth in the underlying operations. 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 between the shareholders of Turkcell. TeliaSonera might not be able to assure that the associated companies apply the same responsible business 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.

Definitions

Billed revenues: 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: Interest-bearing liabilities less derivatives recognized as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA), less short term investments, long-term bonds available for sale and cash/cash equivalents.

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.

Return on capital employed*: Operating income plus financial revenues excluding FX gains expressed as a percentage of average capital employed.

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

* Definition changed as of the fourth quarter of 2014. Historical returns have been recalculated.

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

Financial calendar

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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