

Year-end Report

January - December 2011

Lars Nyberg
President and CEO



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Continued revenue growth and margin expansion

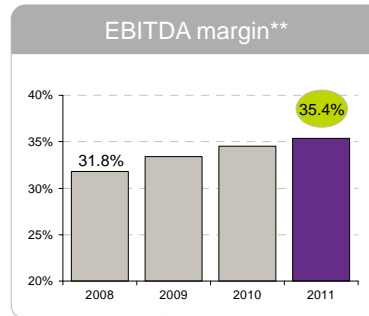
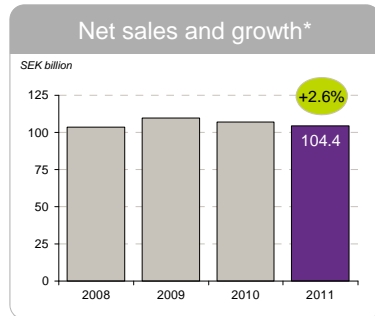
- Net sales SEK 104,354 million (106,979)
 - Increased 2.6% in local currencies
- EBITDA* SEK 36,914 million (36,897)
 - Increase of 4.7% in local currencies
- Earnings per share SEK 4.20 (4.73)
 - Lower income from associates and FX
- Free cash flow SEK 9,629 million (12,901)
 - Lower dividends from associates and spectrum

January-December 2011
* Excl. non-recurring items

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Improved margins for the third consecutive year

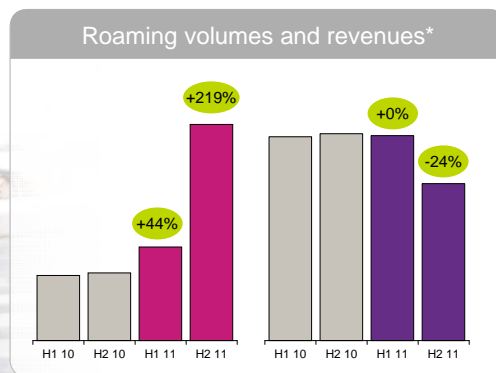


* In local currencies and excl. acquisitions
 ** Excl. non-recurring items

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Lower roaming prices lead to new behavior

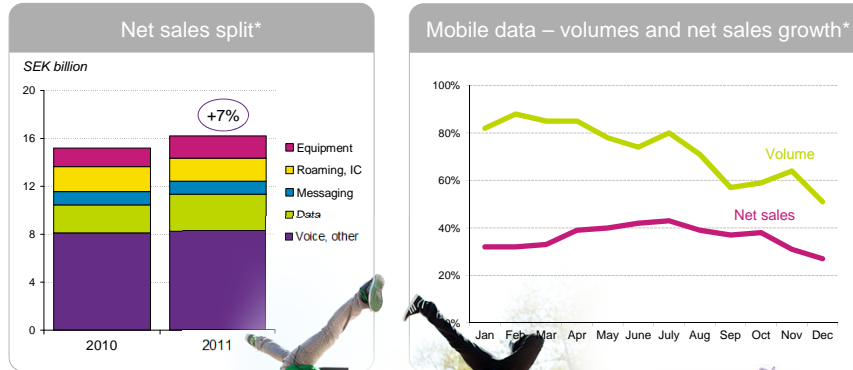


* Example for Mobility Sweden for roaming in the Nordic and Baltic countries

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Ability to monetize on mobile data growth

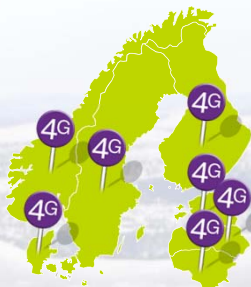


* Mobility Sweden

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Expansion of our 4G coverage continues

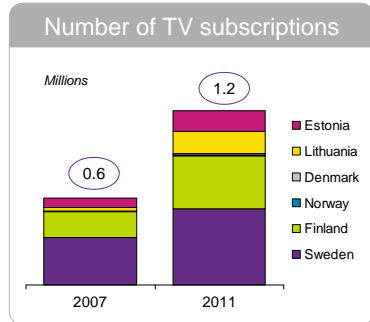


- Launch of 4G tablets in Q4 2011
- 4G handsets available in Q1 2012

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Fiber roll-out drives TV and triple-play



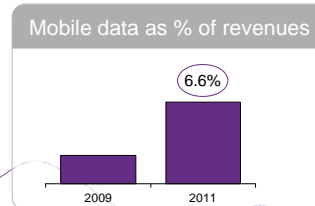
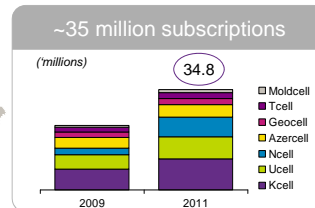
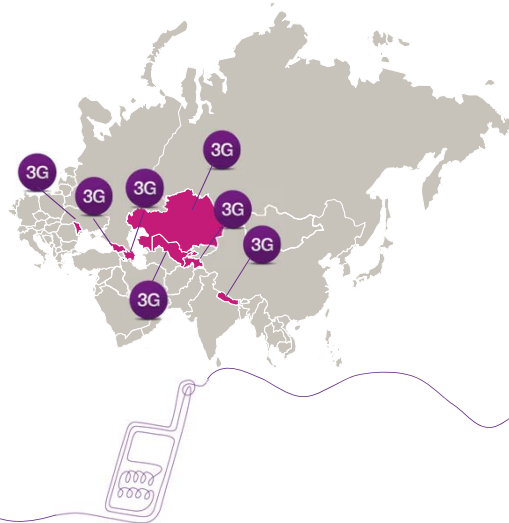
- Fiber roll-out and VDSL upgrade continue
- More than 0.5 million TV subscriptions in Sweden



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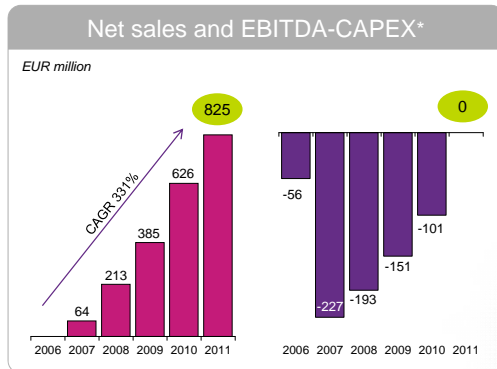
3G services available in all Eurasian markets



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Yoigo reached EBIT breakeven in Q4



yoigo
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yoigo



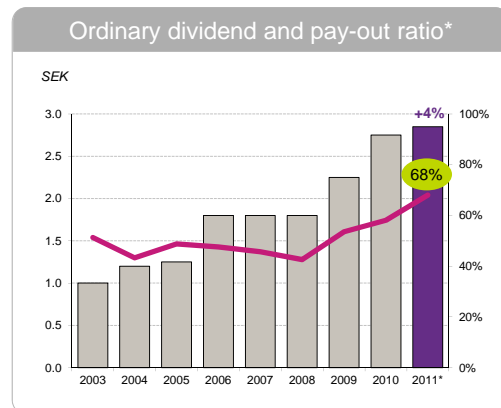
- Passed 3 million subscriptions in December 2011
- EBIT and cash flow** positive in Q4 2011

* CAPEX excl. licenses and spectrum fees
** Cash flow incl. interest and taxes

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Ordinary dividend of SEK 2.85 per share*



* Proposed dividend for fiscal year 2011

** For 2005, 2006 and 2007, EO dividends of SEK 2.25, SEK 4.50 and SEK 2.20 were paid. In April, 2011 a buyback of SEK 10 billion was completed

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Looking ahead



Outlook for 2012

- Growth in net sales* expected to be 1-2%*
- EBITDA margin** to remain at the same level as in 2011
- CAPEX-to-sales*** ratio between 13-14%

* In local currencies and excl. acquisitions
** Excl. non-recurring items
*** Excl. license and spectrum fees

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Year-end Report January - December 2011

Per-Arne Blomquist
Executive Vice President and CFO



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2011 result versus outlook

	Outlook 2011	Result
Growth in Net sales*	➔ Around 3%	2.6%
Addressable cost base*	➔ Growth in cost base below the growth in net sales	0.6%
EBITDA margin**	➔ Improved compared with 2010 (34.5%)	35.4%
CAPEX-to-sales ratio***	➔ 13-14%	14.0%

* In local currencies and excl. acquisitions
 ** Excl. non-recurring items
 *** Excl. license and spectrum fees

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Financial highlights – Q4 2011

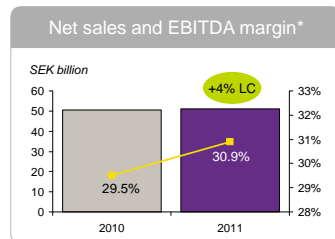
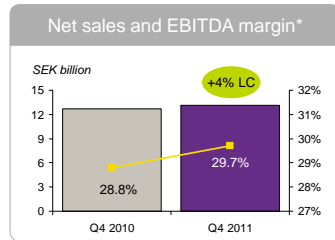
SEK million	Oct – Dec 2011	Oct – Dec 2010	Change %	Local ccy %
Net sales	27,123	26,851	1	2
EBITDA*	9,191	9,002	2	3
Depreciation, amortization	-3,412	-3,189	-	
Income from associated companies	1,652	2,144	-23	
Operating income*	7,519	7,969	-6	
EPS, SEK	1.15	1.18	-3	
Free Cash Flow	523	1,742	-70	

* Excl. non-recurring items

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Mobility Services - smartphones drive growth



* Excl. non-recurring items

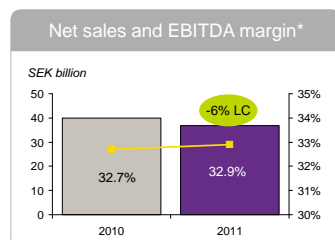
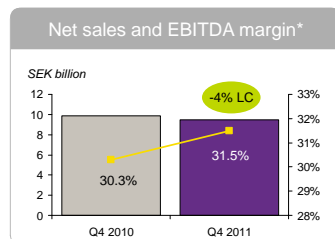
- Positive trend in revenue growth in all Baltic countries in the fourth quarter
- Robust growth in Sweden and Spain continued
- Fierce competition in Denmark and Norway. Measures taken to restore profitability in Denmark



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Broadband Services – improving profitability



* Excl. non-recurring items

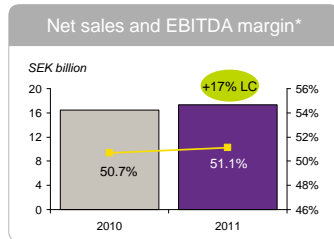
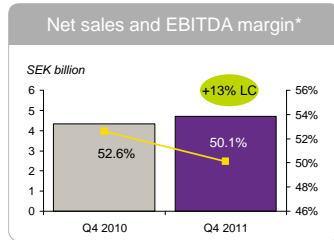
- 0.5 million homes and offices now connected by fiber
- Milestone reaching 0.5 million TV subscriptions in Sweden
- Pay-TV market share now 11% (10) in Sweden



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Eurasia – double digit revenue growth



* Excl. non-recurring items

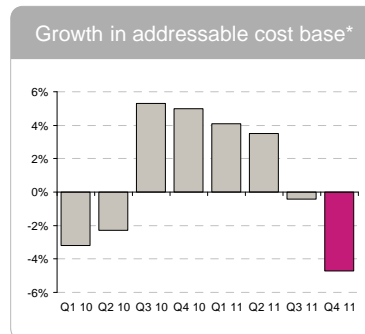
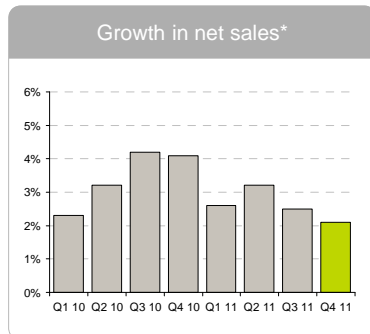
- Double digit revenue growth and EBITDA margin above 50% in 2011
- Ncell in Nepal became market leader in the fourth quarter
- Agreement signed to increase ownership in Kcell in Kazakhstan



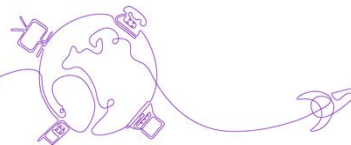
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Healthy balance between revenues and costs



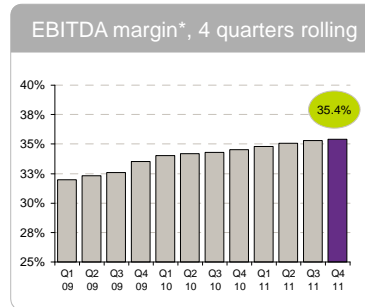
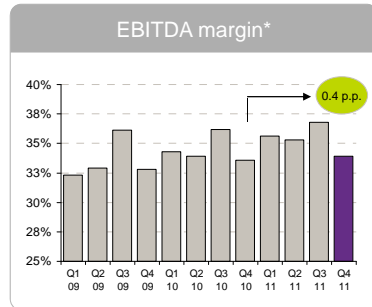
* In local currencies and excl. acquisitions



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Continued improvement in EBITDA margin



- EBITDA margin* reached 33.9% (33.5)

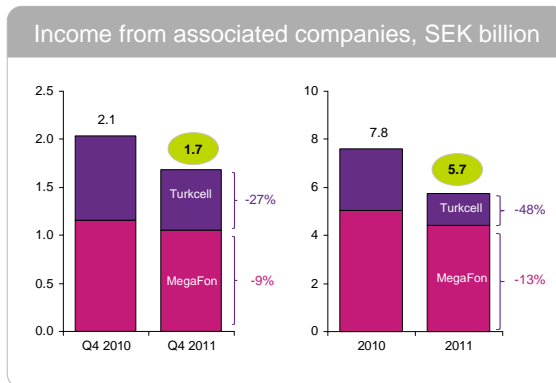
- Improving EBITDA margin* for 13 consecutive quarters



* Excl. non-recurring items

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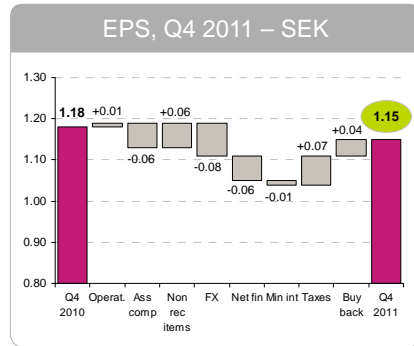
Lower income from associated companies



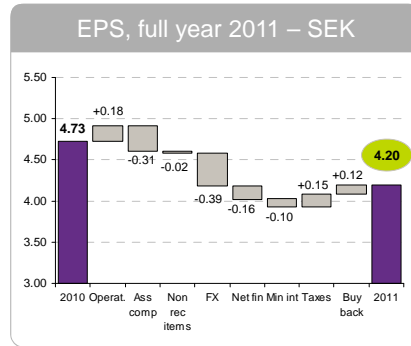
Turkcell is reported with one-quarter lag

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EPS impacted by FX and associates



- Associated companies and FX lowered earnings per share in Q4

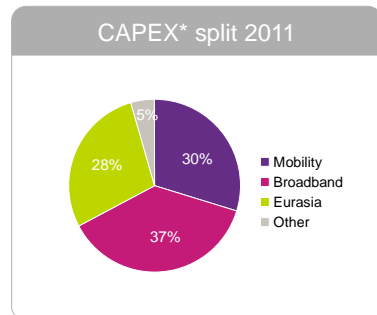


- Higher earnings from operations, SEK 0.18 per share during 2011

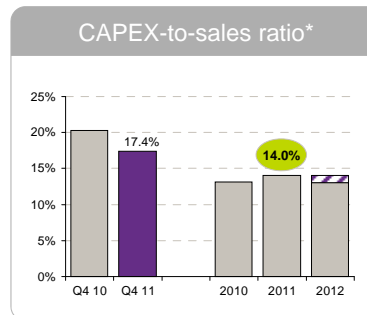
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Stable CAPEX-to-sales ratio expected



- CAPEX* amounted to SEK 14.6 billion (14.0) or SEK 17.2 billion incl. licenses and spectrum fees during 2011



- CAPEX-to-sales for 2012 is expected to be approx. 13-14%, excl. license and spectrum fees

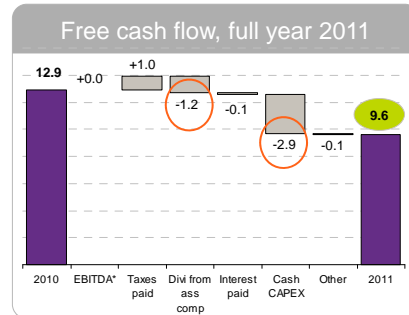
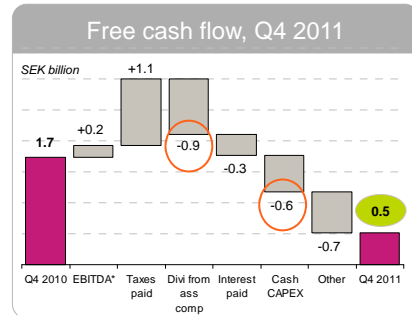


* Excl. license and spectrum fees

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Lower cash flow due to licenses and dividends



- No dividends received from associated companies and SEK 1.3 billion (0.4) paid in licenses

- Turkcell's dividend proposal for 2011 is SEK 1.9 billion for TeliaSonera. SEK 2.7 billion paid for licenses (0.9)

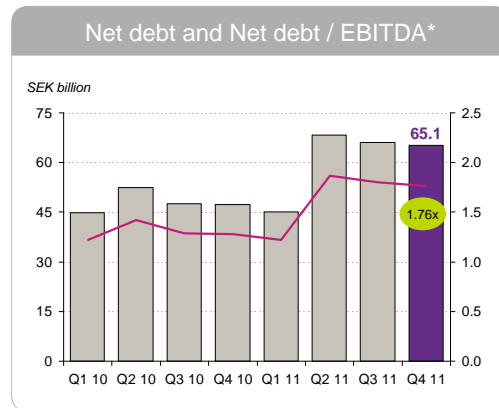


* Excl. non-recurring items

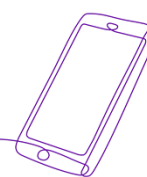
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Kcell transaction will increase Net debt



- Acquisition of 49% of the shares in Kcell for a total of USD 1.5 billion. IPO process of Kcell initiated
- Moody's reiterated A3 rating while lowering outlook (Dec 2011)
- S&P reiterated A- rating and Stable outlook (Jan 2012)



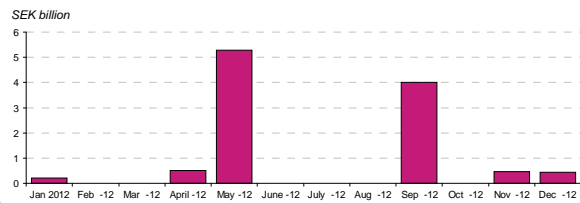
* Excl. non-recurring items, 4 quarters rolling

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Debt maturity schedule

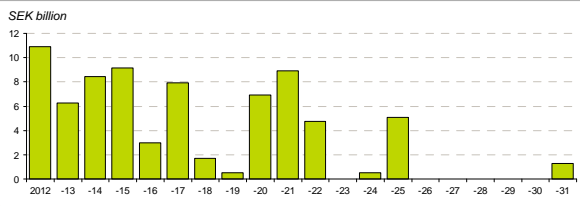
Debt Maturing next 12 months – Dec 31, 2011



Debt per Q4 2011

- Gross debt SEK 79.8 billion
- Net debt SEK 65.1 billion
- Net debt/EBITDA 1.76x

Debt Portfolio Maturity Schedule – 2012 and onwards



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Highlights

- Positive revenue growth continues
 - Eurasia, Spain and Mobility Sweden
- Important milestones reached
 - Yoigo EBIT and cash flow breakeven
 - Ncell market leader in Nepal
 - 3G licens awarded to Azercell in Azerbaijan
- Increasing ownership in Kcell in Kazakhstan
 - Effective ownership 61.9% (37.9) after IPO



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Outlook for 2012

Growth in Net sales*	➔	Within the range of 1-2%
EBITDA margin**	➔	Remain at the same level as 2011 (35.4%)
CAPEX-to-sales ratio***	➔	13-14%

* In local currencies and excluding acquisitions
** Excl. non-recurring items
*** Excl. license and spectrum fees

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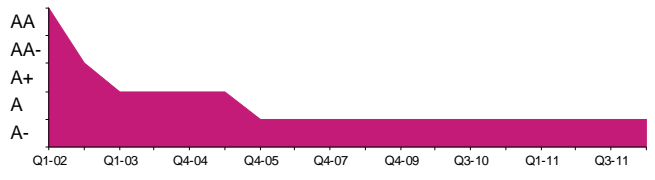
Q&A

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TeliaSonera AB credit ratings (A3/A-)

TeliaSonera AB long-term ratings migration history 2002-to-today



Moody's (A3/P-2)

- January 8, 2003, lowered long-term debt rating to A2
- November 1, 2006, outlook changed to Negative
- October 30, 2007, lowered long- and short-term debt rating to **A3** and **P-2** respectively
- Feb 2011, debt ratings confirmed
- **Outlook: Negative**

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

- February 5, 2003, lowered long-term debt rating to A
- October 28, 2005, lowered long-term debt rating to A- and short-term debt rating to A-2
- August 2011, debt ratings confirmed
- **Outlook: Stable**



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Liquidity position TeliaSonera Group

Cash and cash equivalents, less blocked funds approx. SEK 9.5 billion

<i>Committed bank lines</i>	<i>Maturity</i>	<i>Size</i>	<i>Amount undrawn</i>
Syndicated revolving credit facility	Dec 2017	EUR 1 billion	EUR 1 billion
Bilateral credit facility	Apr 2013	SEK 1.4 billion	SEK 1.4 billion
Syndicated revolving credit facility	Sep 2013	EUR 665 million	EUR 665 million



December 31, 2011

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Strong financial key ratios

	Dec 31, 2011	Dec 31, 2010
Return on equity*	16.8	17.8%
Return on capital employed*	16.4	16.9%
Equity/assets ratio	44.0	48.0%
Net debt/equity ratio	58.3	39.3%
Net Debt/EBITDA rate* multiple	1.76x	1.28x

* Rolling 12 months, EBITDA excl. non-recurring items

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Organic revenue growth

Revenue growth (%) Q4 2011	Reported growth	of which currency	of which disposals	of which organic
Mobility Services	3.5	-0.3	0.0	3.8
Broadband Services	-4.1	-0.4	0.2	-3.9
Eurasia	8.9	-3.8	0.0	12.7
The Group	1.0	-1.0	-0.1	2.1

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Statement of cash flows

SEK million	Q4 2011	Q4 2010	Diff
EBITDA excluding non-recurring items	9,191	9,002	189
Dividends received from ass companies	1	894	-893
Interest paid (net)	-908	-567	-341
Income taxes paid	-850	-1,916	1,066
Payment of restructuring provisions	-190	-87	-103
Diff between paid/recorded pensions	-393	-321	-72
Changes in working cap and other items	268	748	-480
Cash flow from operating activities	7,119	7,753	-634
Cash CAPEX	-6,596	-6,011	-585
Free cash flow	523	1,742	-1,219

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Dividend policy

- The company shall target a solid investment grade long-term credit rating (A- to BBB+) to secure the company's strategically important financial flexibility for investments in future growth, both organically and by acquisitions
- The ordinary dividend shall be at least 50% of net income attributable to owners of the parent company
- Excess capital shall be returned to shareholders, after the Board of Directors has taken into consideration the company's cash at hand, cash flow projections and investment plans in a medium term perspective, as well as capital market conditions

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Forward-looking statements

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of TeliaSonera.

