TeliaSonera January-December 2011

Continued revenue growth and margin improvement

Fourth quarter

- **Net sales in local currencies and excluding acquisitions increased 2.1 percent. In reported currency, net sales increased 1.0 percent to SEK 27,123 million (26,851).**
- **The addressable cost base in local currencies and excluding acquisitions decreased 4.6 percent. In reported currency, the addressable cost base decreased 5.8 percent to SEK 7,828 million (8,311).**
- **EBITDA, excluding non-recurring items, increased 3.2 percent in local currencies and excluding acquisitions. In reported currency, EBITDA increased 2.1 percent to SEK 9,191 million (9,002) and the margin increased to 33.9 percent (33.5).**
- **Operating income, excluding non-recurring items, decreased 5.6 percent to SEK 7,519 million (7,969).**
- **Net income attributable to owners of the parent company decreased 6.3 percent to SEK 4,972 million (5,309) and earnings per share to SEK 1.15 (1.18).**
- **Free cash flow decreased 70.0 percent to SEK 523 million (1,742) due to SEK 0.6 billion higher cash CAPEX and no dividends received from our associated companies (0.9).**
- **During the quarter the number of subscriptions increased by 2.4 million in the consolidated companies and by 3.3 million in the associated companies. The total number of subscriptions was 170.0 million.**

Full year

- **Net sales in local currencies and excluding acquisitions increased 2.6 percent. In reported currency, net sales fell 2.5 percent to SEK 104,354 million (106,979).**
- **Net income attributable to owners of the parent company decreased 13.7 percent to SEK 18,341 million (21,257) and earnings per share to SEK 4.20 (4.73).**
- **Free cash flow decreased to SEK 9,629 million (12,901), mainly due to higher cash CAPEX and lower dividends from associated companies.**
- **The Board of Directors proposes an ordinary dividend of SEK 2.85 per share (2.75), totaling SEK 12.3 billion (12.3), or 68 percent (58) of net income attributable to owners of the parent company.**

Financial highlights

SEK in millions, except key ratios, per share data and changes	Oct-Dec 2011	Oct-Dec 2010	*Chg (%)*	Jan-Dec 2011	Jan-Dec 2010	*Chg (%)*
Net sales	27,123	26,851	*1*	104,354	106,979	*-2*
Addressable cost base[1, 2)]	7,828	8,311	*-6*	30,751	32,090	*-4*
EBITDA[2)] excl. non-recurring items[3)]	9,191	9,002	*2*	36,914	36,897	*0*
Margin (%)	33.9	33.5		35.4	34.5	
Operating income	7,827	8,177	*-4*	29,567	32,003	*-8*
Operating income excl. non-recurring items	7,519	7,969	*-6*	29,737	31,935	*-7*
Net income	5,674	5,965	*-5*	21,072	23,562	*-11*
of which attributable to owners of the parent	4,972	5,309	*-6*	18,341	21,257	*-14*
Earnings per share (SEK)	1.15	1.18	*-3*	4.20	4.73	*-11*
Return on equity (%, rolling 12 months)	17.8	17.8		16.8	17.8	
CAPEX-to-sales (%)	22.3	21.8		16.5	14.0	
Free cash flow	523	1,742		9,629	12,901	

1) Additional information available at www.teliasonera.com. 2) Please refer to page 18 for definitions. 3) Non-recurring items; see table on page 22.

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 or the full year of 2010, unless otherwise stated.

Comments by Lars Nyberg, President and CEO

“The fourth quarter marks the end of another strong year for TeliaSonera. We are proud that we have been able to generate growth and keep a healthy balance between revenues and costs and thereby improved our EBITDA margin, excluding non-recurring items, for the third consecutive year.

When we launched our new brand identity in May, the most tangible benefit for our customers was our new offer with significantly lower cost and improved cost control for data roaming. Users are now able to keep the same mobile behavior when traveling as they do in their home country. We are convinced that increased usage in the longer perspective will compensate for a short-term negative impact on revenues. We can already now see that volumes have more than doubled compared to a year ago.

A cornerstone in our strategy is network quality and capacity. During 2011, we invested more than SEK 17 billion in networks and licenses. We have taken the technology leadership in many of our countries by being the first operator to launch 4G services. The roll-out will continue and for example in Sweden our 4G services now cover 200 locations and will expand by one city or village every day during 2012. After the launch of 4G tablets before Christmas we are now looking forward to be able to offer 4G handsets in the first quarter.

In the fourth quarter, important milestones were met for several of our operations. We have now more than half a million TV customers in Sweden. Yoigo in Spain passed 3 million subscribers and reported positive EBIT and cash flow. Ncell in Nepal became the overall market leader and with Azercell’s 3G launch in Azerbaijan in November we now provide 3G services in all our Eurasian markets.

Our free cash flow was affected by lower dividends from associated companies as well as significant investments in spectrum. The former relates to the ownership and governance disputes in Turkcell, where recent legal awards in our favor and the Capital Markets Board’s new decree regarding corporate governance principles are important steps in the right direction.

In line with our strategy of increasing ownership in core holdings we signed an agreement to increase our holding in Kcell in Kazakhstan. We will continue to look for new opportunities within or neighboring our existing footprint. Despite significant investments in capacity and ownership increases, our solid financial position paves the way for our Board of Directors to propose an increase in ordinary dividend to SEK 2.85 per share.

Looking ahead, we believe our revenues and earnings in local currencies will continue to grow in 2012 despite macroeconomic and industrial challenges.”

Group outlook for 2012

The growth in net sales in local currencies and excluding acquisitions is expected to be within the range of 1-2 percent. Currency fluctuations may have a material impact on reported figures in Swedish krona.

The EBITDA margin, excluding non-recurring items, in 2012 is expected to remain at the same level compared with 2011.

The CAPEX-to-sales ratio is expected to be approximately 13-14 percent in 2012, excluding license and spectrum fees.

Please refer to page 27 for the previous Group outlook for 2011 (published on October 19, 2011)

Review of the Group, fourth quarter 2011

Net sales in local currencies and excluding acquisitions increased 2.1 percent. In reported currency, net sales increased 1.0 percent to SEK 27,123 million (26,851). The negative effect of disposals was 0.1 percent and the negative effect of exchange rate fluctuations was 1.0 percent.

In Mobility Services, net sales in local currencies and excluding acquisitions increased 3.8 percent. Net sales in reported currency increased 3.5 percent to SEK 13,119 million (12,672).

In Broadband Services, net sales in local currencies and excluding acquisitions decreased 3.9 percent. Net sales in reported currency decreased 4.1 percent to SEK 9,475 million (9,880).

In Eurasia, net sales in local currencies and excluding acquisitions increased 12.7 percent. Net sales in reported currency increased 8.9 percent to SEK 4,708 million (4,323).

The number of subscriptions rose by 13.0 million from the end of the fourth quarter 2010 to 170.0 million, of which 7.6 million to 62.8 million in the consolidated companies and 5.4 million to 107.2 million in the associated companies. During the fourth quarter, the total number of subscriptions increased by 2.4 million in the consolidated companies and increased by 3.3 million in the associated companies.

The addressable cost base in local currencies and excluding acquisitions decreased 4.6 percent. In reported currency, the addressable cost base decreased 5.8 percent to SEK 7,828 million (8,311).

EBITDA, excluding non-recurring items, increased 3.2 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 2.1 percent to SEK 9,191 million (9,002). The EBITDA margin rose to 33.9 percent (33.5).

Operating income, excluding non-recurring items, decreased 5.6 percent to SEK 7,519 million (7,969). Income from associated companies decreased 22.9 percent to SEK 1,652 million (2,144).

Non-recurring items affecting operating income totaled SEK 308 million (208). Non-recurring items included charges of approximately SEK 300 million related to efficiency measures. Non-recurring items were also positively affected by SEK 695 million partly as a result of the agreement with Altimo signed in November 2009.

Financial items totaled SEK -835 million (-558) of which SEK -649 million (-445) related to net interest expenses.

Income taxes decreased to SEK 1,318 million (1,654). The effective tax rate was 18.9 percent (21.7). One time effects from changes in deferred tax assets offset by reduced tax rates had a positive impact of 3 percentage points in the quarter.

Non-controlling interests in subsidiaries increased to SEK 702 million (656), of which SEK 621 million (598) was related to the operations in Eurasia and SEK 67 million (64) to LMT and TEO.

Net income attributable to owners of the parent company decreased 6.3 percent to SEK 4,972 million (5,309) and earnings per share to SEK 1.15 (1.18).

CAPEX increased to SEK 6,053 million (5,860) and the CAPEX-to-sales ratio to 22.3 percent (21.8). In the fourth quarter of 2011, CAPEX included SEK 1,321 million for the acquisition of licenses. The CAPEX-to-sales ratio, excluding licenses and spectrum fees, was 17.4 percent (20.3).

Free cash flow decreased 70.0 percent to SEK 523 million (1,742) due to SEK 0.6 billion higher cash CAPEX. In the fourth quarter of 2011, no dividend was received from Turkcell Holding compared with SEK 894 million the same period a year ago.

Net debt was SEK 65,079 million at the end of the fourth quarter (65,980 at the end of the third quarter of 2011). The net debt/EBITDA ratio was 1.76 (1.80 at the end of the third quarter of 2011).

The equity/assets ratio was 44.0 percent (44.5 percent at the end of the third quarter of 2011).

Review of the Group, full year 2011

Net sales in local currencies and excluding acquisitions increased 2.6 percent. In reported currency, net sales decreased 2.5 percent to SEK 104,354 million (106,979). The negative effect of disposals was 0.9 percent and the negative effect of exchange rate fluctuations was 4.2 percent.

In Mobility Services, net sales in local currencies and excluding acquisitions increased 4.2 percent. Net sales in reported currency increased 0.7 percent to SEK 51,032 million (50,659).

In Broadband Services, net sales in local currencies and excluding acquisitions decreased 5.7 percent. Net sales in reported currency decreased 7.7 percent to SEK 36,811 million (39,875).

In Eurasia, net sales in local currencies and excluding acquisitions increased 17.0 percent. Net sales in reported currency increased 5.3 percent to SEK 17,330 million (16,458).

The addressable cost base in local currencies and excluding acquisitions increased 0.6 percent. In reported currency, the addressable cost base decreased 4.2 percent to SEK 30,751 million (32,090).

EBITDA, excluding non-recurring items, increased 4.7 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, was flat at SEK 36,914 million (36,897). The EBITDA margin rose to 35.4 percent (34.5).

Operating income, excluding non-recurring items, decreased 6.9 percent to SEK 29,737 million (31,935). Income from associated companies decreased 26.9 percent to SEK 5,717 million (7,821).

Non-recurring items affecting operating income totaled SEK -170 million (68).

Financial items totaled SEK -2,793 million (-2,067) of which SEK -2,365 million (-1,783) related to net interest expenses.

Income taxes decreased to SEK 5,702 million (6,374). The effective tax rate was unchanged at 21.3 percent (21.3).

Non-controlling interests in subsidiaries increased to SEK 2,731 million (2,305), of which SEK 2,420 million (2,237) was related to the operations in Eurasia and SEK 262 million (302) to LMT and TEO.

Net income attributable to owners of the parent company decreased 13.7 percent to SEK 18,341 million (21,257) and earnings per share to SEK 4.20 (4.73).

CAPEX increased to SEK 17,243 million (14,934) and the CAPEX-to-sales ratio to 16.5 percent (14.0). In 2011, CAPEX, excluding licenses and spectrum fees, amounted to SEK 14,560 million (14,012) and the CAPEX-to-sales ratio to 14.0 percent (13.1).

Free cash flow decreased 25.3 percent to SEK 9,629 million (12,901) mainly due to higher cash CAPEX of SEK 2.9 billion and SEK 1.2 billion lower dividends from associated companies.

Acquisitions and divestitures

- On September 1, 2011, Telia Norge AS sold North Sea Communications AS to Hitec-Vision for SEK 190 million. TeliaSonera recognized a capital gain of SEK 98 million in the third quarter of 2011.
- On December 22, 2011, TeliaSonera signed an agreement with Kazakhtelecom to acquire 49 percent of the shares in Kcell in Kazakhstan. TeliaSonera has also agreed to sell 25 percent of the shares minus one share in Kcell in an Initial Public Offering (IPO), expected to be completed during 2012. Depending on the share price development after the IPO, TeliaSonera may have to make an additional payment to Kazakhtelecom. Once both steps of the transaction have been completed, TeliaSonera's effective ownership in Kcell, which currently is 37.9 percent, will be 61.9 percent. The acquisition is expected to positively affect earnings per share. At the date of closing of the first step, retained earnings in shareholders' equity and non-controlling interests in equity will decrease and net debt will increase. The transaction, which was subject to several conditions, including approval by the regulator, closed on February 1, 2012 and USD 1.519 billion was paid on the same day.

Significant events in 2011

- On May 12, 2011, TeliaSonera launched a new brand identity. TeliaSonera's 18 main brands were united under a common brand identity, while retaining their brand names.
- On May 12, 2011, TeliaSonera introduced new offers for data roaming in the Nordic and Baltic countries with significantly lower prices and improved cost control. The offer was extended to more countries during the year.
- On June 14, 2011, Telia, TeliaSonera's subsidiary in Denmark, entered into a network sharing agreement with Telenor to create Denmark's best mobile network. The companies will also establish a common infrastructure company to operate the joint network.
- On July 22, 2011, TeliaSonera announced that its share capital had been decreased by SEK 513,191,782.40, by means of cancellation of the 160,372,432 shares repurchased in the repurchase offer in the spring of 2011. After the decrease, TeliaSonera's share capital amounts to SEK 13,856,271,299.20 and there are 4,330,084,781 shares and votes in the company. After this, TeliaSonera holds no own shares.
- On September 30, 2011 TeliaSonera announced that an arbitration tribunal of the International Chamber of Commerce (ICC) had issued its final award related to a dispute concerning the 2005 Turkcell Holding share purchase agreement between TeliaSonera and Cukurova. The tribunal ordered Cukurova to pay damages to TeliaSonera to an amount of USD 932 million, plus interest. TeliaSonera has taken actions to recover these damages.
- On October 7, 2011, TeliaSonera received USD 100 million from Altimo as certain milestones had been met in fulfilling the agreement signed in November 2009. Altimo made an initial payment to TeliaSonera of USD 50 million at signing in 2009.

TeliaSonera share

The TeliaSonera share is listed on NASDAQ OMX Stockholm and NASDAQ OMX Helsinki. The share's settlement price in Stockholm decreased 12.3 percent in 2011, from SEK 53.30 to SEK 46.77. The highest share price was SEK 55.70 (56.90) and the lowest SEK 40.60 (44.00). The number of shareholders decreased from 601,736 to 580,076. Ownership by the Swedish state was 37.3 percent and the Finnish state's holding was 13.7 percent. Holdings outside Sweden and Finland increased to 18.2 percent from 17.6 percent.

Dividend policy

TeliaSonera 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 percent of net income attributable to owners of the parent company. In addition, 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.

Ordinary dividend to shareholders

For 2011, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 2.85 (2.75) per share, totaling SEK 12.3 billion, or 68 percent 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 3, 2012, and that the first day of trading in shares excluding rights to dividend be set for April 4, 2012. The recommended record date at Euroclear Sweden for the right to receive dividend will be April 10, 2012. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on April 13, 2012.

Annual General Meeting 2012

The Annual General Meeting (AGM) will be held on April 3, 2012, at 14:00 CET at Cirkus, Stockholm. Notice of the meeting will be posted on www.teliasonera.com, and advertised in the newspapers at the end of February 2012. The record date entitling shareholders to attend the meeting will be March 28, 2012. Shareholders may file notice of intent to attend the AGM from the end of February 2012. TeliaSonera must receive notice of attendance no later than March 28, 2012.

Mobile data drives growth within Mobility Services

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

- Organic revenue growth improved in the fourth quarter with a positive development in all Baltic countries and robust growth in Sweden and Spain. The exceptional demand for smartphones in combination with the release of several new phone models led to a strong growth in equipment sales towards the end of the year.

- Yoigo in Spain reached a milestone and passed 3 million subscriptions in December 2011. Competition remains fierce in Denmark and actions have been taken to restore profitability. Telia Denmark has taken the lead in 4G and the services have now been launched nationwide. In addition, subscription intake turned positive again for the first time since the first quarter of 2010.

SEK in millions, except margins, operational data and changes	Oct-Dec 2011	Oct-Dec 2010	Chg (%)	Jan-Dec 2011	Jan-Dec 2010	Chg (%)
Net sales	13,119	12,672	4	51,032	50,659	1
EBITDA excl. non-recurring items	3,890	3,644	7	15,746	14,928	5
Margin (%)	29.7	28.8		30.9	29.5	
Operating income	2,564	2,655	-3	11,064	10,750	3
Operating income excl. non-recurring items	2,719	2,663	2	11,263	10,776	5
CAPEX	2,419	1,293	87	6,600	3,879	70
Subscriptions, period-end (thousands)	19,520	18,384	6	19,520	18,384	6
Employees, period-end	7,771	7,488	4	7,771	7,488	4

Additional segment information available at www.teliasonera.com.

Fourth quarter

- **Net sales** in local currencies and excluding acquisitions increased 3.8 percent. Net sales in reported currency increased 3.5 percent to SEK 13,119 million (12,672). The negative effect of exchange rate fluctuations was 0.3 percent.

  In Sweden, net sales rose by 9.2 percent to SEK 4,246 million (3,890), explained by equipment sales and mobile data usage. Voice and messaging revenues were stable compared to the same period last year. Revenues from equipment sales were higher than previously due to the launch of new smartphone models in the fourth quarter.

  In Finland, net sales in local currency declined 3.0 percent to the equivalent of SEK 2,264 million (2,368). Lower average price per minute and reduced interconnection fees explain the decline in net sales. Mobile data revenues grew approximately 20 percent compared to the fourth quarter last year.

  In Norway, net sales in local currency fell by 4.0 percent to the equivalent of SEK 2,046 million (2,082), mainly due to lower interconnect fees as well as lower average price per minute. Growth in equipment sales, mobile data and wholesale revenues continued.

  In Denmark, net sales in local currency declined 7.2 percent to the equivalent of SEK 1,378 million (1,500). The Danish market continued to be characterized by heavy price competition with customers migrating to fixed price plans with lower average price per minute.

Net sales in local currency in Estonia increased by 6.0 percent to the equivalent of SEK 414 million (396), driven by higher roaming, equipment sales and mobile data usage. In Latvia, net sales in local currency rose 7.8 percent to the equivalent of SEK 481 million (449) due to higher equipment sales and mobile data. Although an improvement from previous quarters, net sales in local currency in Lithuania fell by 2.0 percent to the equivalent of SEK 398 million (413) as a result of lower interconnect rates and price pressure.

Despite the weak macroeconomic development in the country and increased activity from competition, net sales in local currency increased 22.8 percent in Spain to the equivalent of SEK 1,945 million (1,613) as a result of continued high subscription intake.

- **The number of subscriptions** rose by 1.1 million from the end of the fourth quarter 2010 to 19.5 million. Growth was strongest in Spain and Sweden with an increase of 0.8 million and 0.4 million to 3.0 million and 6.3 million subscriptions, respectively. During the quarter the total number of subscriptions rose by 0.4 million.

- **EBITDA**, excluding non-recurring items, increased 6.6 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 6.8 percent to SEK 3,890 million (3,644). The EBITDA margin increased to 29.7 percent (28.8).

  In Sweden, EBITDA, excluding non-recurring items, increased 22.0 percent to SEK 1,793 million (1,470). The EBITDA margin improved to 42.2 percent (37.8) due to higher revenues, higher gross margin and lower personnel expenses.

  In Finland, EBITDA margin improved slightly to 30.1 percent (29.9). The gross margin was negatively impacted by low margin equipment sales but compensated for by lower costs related to transmission. In Norway, the EBITDA margin increased to 33.3 percent (32.9).

  In Denmark, the EBITDA margin fell to 8.6 percent (17.2) due to lower revenues as well as lower gross margin. In the fourth quarter, 170 employees or approximately 20 percent of the total workforce were given notice.

  The EBITDA margins in Lithuania and Estonia fell to 26.6 percent (34.1) and 29.2 percent (36.9), respectively. Margins in both countries were negatively impacted by a changed revenue mix with a higher proportion of low margin equipment sales. In Latvia, the EBITDA margin increased to 38.3 percent (34.7) due to an improved gross margin.

  EBITDA in Spain increased to SEK 206 million (78), corresponding to a margin of 10.6 percent (4.8). The improvement is due to higher revenues and improved gross margin.

- **CAPEX** increased to SEK 2,419 million (1,293) and the CAPEX-to-sales ratio to 18.4 percent (10.2). CAPEX, excluding licenses and spectrum fees, amounted to SEK 1,490 million (1,285) and the CAPEX-to-sales ratio to 11.4 percent (10.1). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, fell to SEK 1,471 million (2,351).

Full year

- **Net sales** in local currencies and excluding acquisitions increased 4.2 percent. Net sales in reported currency increased 0.7 percent to SEK 51,032 million (50,659). The negative effect of exchange rate fluctuations was 3.5 percent.

- **EBITDA**, excluding non-recurring items, increased 8.2 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 5.5 percent to SEK 15,746 million (14,928). The EBITDA margin increased to 30.9 percent (29.5).

- **CAPEX** increased to SEK 6,600 million (3,879) and the CAPEX-to-sales ratio to 12.9 percent (7.7). CAPEX, excluding licenses and spectrum fees, amounted to SEK 4,327 million (3,490) and the CAPEX-to-sales ratio to 8.5 percent (6.9). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 9,146 million (11,049).

SEK in millions, except margins and changes	**Oct-Dec 2011**	**Oct-Dec 2010**	***Chg (%)***	**Jan-Dec 2011**	**Jan-Dec 2010**	***Chg (%)***
Net sales	13,119	12,672	*4*	51,032	50,659	*1*
of which Sweden	4,246	3,890	*9*	16,204	15,195	*7*
of which Finland	2,264	2,368	*-4*	8,922	9,613	*-7*
of which Norway	2,046	2,082	*-2*	8,314	8,597	*-3*
of which Denmark	1,378	1,500	*-8*	5,525	6,305	*-12*
of which Lithuania	398	413	*-4*	1,451	1,662	*-13*
of which Latvia	481	449	*7*	1,722	1,806	*-5*
of which Estonia	414	396	*5*	1,608	1,650	*-3*
of which Spain	1,945	1,613	*21*	7,451	5,979	*25*
EBITDA excl. non-recurring items	3,890	3,644	*7*	15,746	14,928	*5*
of which Sweden	1,793	1,470	*22*	7,238	6,216	*16*
of which Finland	682	709	*-4*	2,843	2,989	*-5*
of which Norway	682	686	*-1*	2,891	3,046	*-5*
of which Denmark	118	258	*-54*	744	1,189	*-37*
of which Lithuania	106	141	*-25*	405	553	*-27*
of which Latvia	184	156	*18*	653	723	*-10*
of which Estonia	121	146	*-17*	553	654	*-15*
of which Spain	206	78	*164*	420	-441	
Margin (%), total	29.7	28.8		30.9	29.5	
Margin (%), Sweden	42.2	37.8		44.7	40.9	
Margin (%), Finland	30.1	29.9		31.9	31.1	
Margin (%), Norway	33.3	32.9		34.8	35.4	
Margin (%), Denmark	8.6	17.2		13.5	18.9	
Margin (%), Lithuania	26.6	34.1		27.9	33.3	
Margin (%), Latvia	38.3	34.7		37.9	40.0	
Margin (%), Estonia	29.2	36.9		34.4	39.6	
Margin (%), Spain	10.6	4.8		5.6	neg	

Net sales in local currencies and excluding acquisitions	**Oct-Dec**	**Jan-Dec**
Change (%), total	*3.8*	*4.2*
Change (%), Sweden	*9.2*	*6.6*
Change (%), Finland	*-3.0*	*-1.9*
Change (%), Norway	*-4.0*	*-0.5*
Change (%), Denmark	*-7.2*	*-7.4*
Change (%), Lithuania	*-2.0*	*-7.7*
Change (%), Latvia	*7.8*	*0.5*
Change (%), Estonia	*6.0*	*3.0*
Change (%), Spain	*22.8*	*31.7*

Half a million fiber connections within Broadband Services

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

- The fiber deployment continued in the fourth quarter and 0.5 million homes and offices are now connected by fiber, representing more than 20 percent of all broadband connections in the business area. All countries except Norway had a positive intake of broadband subscriptions while the loss of traditional fixed telephony subscriptions remained at the same level as in previous quarters.

- An important milestone was reached in Sweden with 0.5 million TV subscriptions and our estimated market share in Pay-TV is now around 11 percent (10). The number of TV subscriptions in Finland now amounts to 0.35 million, a 60 percent increase compared with a year ago.

SEK in millions, except margins, operational data and changes	Oct-Dec 2011	Oct-Dec 2010	*Chg (%)*	Jan-Dec 2011	Jan-Dec 2010	*Chg (%)*
Net sales	9,475	9,880	*-4*	36,811	39,875	*-8*
EBITDA excl. non-recurring items	2,982	2,991	*0*	12,101	13,035	*-7*
Margin (%)	31.5	30.3		32.9	32.7	
Operating income	1,561	1,718	*-9*	6,582	7,813	*-16*
Operating income excl. non-recurring items	1,697	1,757	*-3*	7,168	7,969	*-10*
CAPEX	1,659	1,800	*-8*	5,448	4,928	*11*
Subscriptions, period-end (thousands)						
Broadband	2,481	2,402	*3*	2,481	2,402	*3*
Fixed voice and VoIP	4,805	5,040	*-5*	4,805	5,040	*-5*
TV	1,177	935	*26*	1,177	935	*26*
Employees, period-end	13,305	13,901	*-4*	13,305	13,901	*-4*

Additional segment information available at www.teliasonera.com.

Fourth quarter

- **Net sales** in local currencies and excluding acquisitions decreased 3.9 percent. Net sales in reported currency decreased 4.1 percent to SEK 9,475 million (9,880). The negative effect of exchange rate fluctuations was 0.4 percent and the positive effect of acquisitions and disposals was 0.2 percent.

  In Sweden, net sales fell 2.9 percent to SEK 4,389 million (4,521). Revenues from fixed-voice services fell around 11 percent while the growth within IP based services was around 7 percent, a clear improvement compared to the previous quarter. The positive development within IP based services was partly driven by a 25 percent growth in revenues for TV- and VoIP subscriptions. In addition, broadband is now also showing a positive development and revenues grew 5 percent, driven by market share gains and the ongoing roll-out of fiber.

  In Finland, net sales in local currency decreased 4.3 percent to the equivalent of SEK 1,359 million (1,424), mainly due to lower PSTN subscriptions. Traditional fixed-voice services declined by 6 percent while IP-based revenues grew by 2 percent compared with the same period last year.

In Norway, net sales grew 0.8 percent in local currency to the equivalent of SEK 275 million (266). In Denmark, net sales decreased 0.8 percent to the equivalent of SEK 235 million (239) as growth in IP-based services, mainly broadband and TV, could not fully compensate for a decline in revenues from fixed-voice services.

In Estonia, net sales in local currency grew 6.1 percent to the equivalent of SEK 495 million (473), due to higher broadband and TV revenues as well as an increase in transit traffic and equipment sales. In Lithuania, net sales grew 1.5 percent to the equivalent of SEK 515 million (514).

In Wholesale, net sales in local currency fell 10.3 percent to SEK 2,508 million (2,810). Within International Carrier, net sales in local currencies fell 10.6 percent due to a 13 percent decline in low margin voice revenues while IP revenues grew by 17 percent compared with the same period a year ago.

- **The number of subscriptions** for broadband access rose to 2.5 million, an increase of 79,000 from the fourth quarter of 2010 and by 28,000 during the quarter.

  The total number of TV subscriptions rose by 242,000 from the fourth quarter of 2010 and by 40,000 during the quarter to 1.2 million.

  The number of fixed-voice subscriptions decreased by 399,000 from the end of the fourth quarter of 2010 to 4.3 million, and was down 123,000 during the quarter. The intake of VoIP subscriptions was 39,000 in the quarter, bringing the total number of VoIP subscriptions to 0.5 million.

- **EBITDA**, excluding non-recurring items, fell 0.5 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, decreased 0.3 percent to SEK 2,982 million (2,991). The EBITDA margin increased to 31.5 percent (30.3).

  In Sweden, the EBITDA margin, improved to 36.7 percent (33.4), as a result of lower cost of goods sold and lower personnel costs due to efficiency measures. Costs for fault handling increased in the fourth quarter but was off-set by releases of earlier made provisions related to legal disputes.

  In Finland, the EBITDA margin declined to 21.2 percent (23.7) due to lower gross margin as a result of higher equipment sales and an increased cost for fault handling. The addressable cost base was reduced by 8.9 percent. The acquired cable-TV operation contributed slightly to the EBITDA.

  In Norway, the EBITDA margin improved to 17.1 percent (13.5) due to higher revenues, improved gross margin and a reduction in the addressable cost base. Same explanations are applicable in Denmark where the EBITDA margin increased to 15.3 percent (7.1).

  In Lithuania, EBITDA margin improved to 38.1 percent (36.8) while in Estonia the EBITDA margin abated to 24.6 percent (31.1), mainly due to lower gross margin. In Wholesale, the EBITDA margin improved slightly to 27.2 percent (26.8).

- **CAPEX** decreased to SEK 1,659 million (1,800) and the CAPEX-to-sales ratio fell to 17.5 percent (18.2). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, grew to SEK 1,323 million (1,191).

Full year

- **Net sales** in local currencies and excluding acquisitions decreased 5.7 percent. Net sales in reported currency decreased 7.7 percent to SEK 36,811 million (39,875). The negative effect of exchange rate fluctuations was 2.1 percent and the positive effect of acquisitions and disposals was 0.1 percent.

- **EBITDA**, excluding non-recurring items, fell 5.4 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, decreased 7.2 percent to SEK 12,101 million (13,035). The EBITDA margin increased to 32.9 percent (32.7).

- **CAPEX** increased to SEK 5,448 million (4,928) and the CAPEX-to-sales ratio increased to 14.8 percent (12.4). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, fell to SEK 6,653 million (8,107).

SEK in millions, except margins and changes	Oct-Dec 2011	Oct-Dec 2010	Chg (%)	Jan-Dec 2011	Jan-Dec 2010	Chg (%)
Net sales	9,475	9,880	-4	36,811	39,875	-8
of which Sweden	4,389	4,521	-3	17,264	18,085	-5
of which Finland	1,359	1,424	-5	5,289	5,820	-9
of which Norway	275	266	3	1,063	1,157	-8
of which Denmark	235	239	-2	929	983	-5
of which Lithuania	515	514	0	1,962	2,139	-8
of which Estonia	495	473	5	1,903	1,910	0
of which Wholesale	2,508	2,810	-11	9,654	11,214	-14
EBITDA excl. non-recurring items	2,982	2,991	0	12,101	13,035	-7
of which Sweden	1,610	1,512	6	6,782	6,907	-2
of which Finland	288	338	-15	1,281	1,719	-25
of which Norway	47	36	31	174	183	-5
of which Denmark	36	17	112	102	98	4
of which Lithuania	196	189	4	791	852	-7
of which Estonia	122	147	-17	539	586	-8
of which Wholesale	682	753	-9	2,432	2,690	-10
Margin (%), total	31.5	30.3		32.9	32.7	
Margin (%), Sweden	36.7	33.4		39.3	38.2	
Margin (%), Finland	21.2	23.7		24.2	29.5	
Margin (%), Norway	17.1	13.5		16.4	15.8	
Margin (%), Denmark	15.3	7.1		11.0	10.0	
Margin (%), Lithuania	38.1	36.8		40.3	39.8	
Margin (%), Estonia	24.6	31.1		28.3	30.7	
Margin (%), Wholesale	27.2	26.8		25.2	24.0	

Net sales in local currencies and excluding acquisitions	Oct-Dec	Jan-Dec
Change (%), total	-3.9	-5.7
Change (%), Sweden	-2.9	-4.5
Change (%), Finland	-4.3	-4.5
Change (%), Norway	0.8	-5.5
Change (%), Denmark	-0.8	-0.2
Change (%), Lithuania	1.5	-3.1
Change (%), Estonia	6.1	5.3
Change (%), Wholesale	-10.3	-12.0

3G services now available in all countries within Eurasia

Business area Eurasia *comprises mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The business area is also responsible for developing TeliaSonera's shareholding in Russian MegaFon (44 percent) and Turkish Turkcell (38 percent). The main strategy is to create shareholder value by increasing mobile penetration and introducing value-added services in each respective country.*

- Eurasia continued to deliver double-digit revenue growth in local currencies and an EBITDA margin above 50 percent, both for the full year and for the fourth quarter. Ncell in Nepal became the market leader during the fourth quarter in terms of subscriptions. Azercell in Azerbaijan launched 3G in November and all of our operations in Eurasia are now offering 3G services and the clear ambition is to become the market leader in mobile data.

- In line with our strategy to increase our ownership in core holdings, TeliaSonera signed an agreement in December with Kazakhtelecom to acquire 49 percent of the shares in Kcell in Kazakhstan. TeliaSonera has also agreed to sell 25 percent of the shares minus one share in Kcell in an Initial Public Offering (IPO). Once both steps of the transaction have been completed, TeliaSonera's effective ownership in Kcell will be 61.9 percent.

SEK in millions, except margins, operational data and changes	Oct-Dec 2011	Oct-Dec 2010	*Chg (%)*	Jan-Dec 2011	Jan-Dec 2010	*Chg (%)*
Net sales	4,708	4,323	*9*	17,330	16,458	*5*
EBITDA excl. non-recurring items	2,357	2,273	*4*	8,850	8,348	*6*
Margin (%)	50.1	52.6		51.1	50.7	
Income from associated companies	1,687	2,033	*-17*	5,735	7,603	*-25*
Russia	1,049	1,154	*-9*	4,410	5,053	*-13*
Turkey	640	879	*-27*	1,331	2,550	*-48*
Operating income	3,996	3,567	*12*	12,499	13,267	*-6*
Operating income excl. non-recurring items	3,283	3,614	*-9*	11,749	13,314	*-12*
CAPEX	1,754	2,580	*-32*	4,538	5,473	*-17*
Subscriptions, period-end (thousands)						
Subsidiaries	34,840	28,505	*22*	34,840	28,505	*22*
Associated companies	106,225	100,900	*5*	106,225	100,900	*5*
Employees, period-end	4,994	4,853	*3*	4,994	4,853	*3*

Additional segment information available at www.teliasonera.com.

Consolidated operations

Fourth quarter

- **Net sales** in local currencies and excluding acquisitions increased 12.7 percent. Net sales in reported currency increased 8.9 percent to SEK 4,708 million (4,323). The negative effect from exchange rate fluctuations was 3.8 percent.

  In Kazakhstan, net sales in local currency increased 10.8 percent to the equivalent of SEK 2,147 million (1,971). Subscription growth accelerated in the fourth quarter and market share was defended although the price cap on retail tariffs and the launch by a third operator have put pressure on the average price per minute. Mobile data continued to grow strongly.

In Azerbaijan, net sales in local currency fell 1.8 percent to the equivalent of SEK 928 million (935), due to significant price erosion in the market. The launch of 3G services has been well received and data volumes increased strongly in the fourth quarter. The strong growth in minutes of use continued as a result of the launch of new subscriptions and campaigns with lower prices for end-users.

In Uzbekistan, net sales in local currency increased 13.3 percent to the equivalent of SEK 470 million (463). The growth was slower than in previous quarters, mainly as a result of lower network availability due to electricity and weather conditions. Competition remained fierce and Ucell is positioning itself as the leader within mobile data. Value added services today represent 30 percent of Ucell's total revenues.

In Tajikistan, net sales in local currency grew 18.1 percent to the equivalent of SEK 232 million (216), mainly as a result of an increase in on-net usage, incoming international calls and value added services. To increase the long term efficiency and balance the negative effects of regulation introduced in Tajikistan, the operational merger of two separate business entities in Tajikistan has been completed.

In Georgia, net sales in local currency fell 5.5 percent to the equivalent of SEK 242 million (239), an improvement compared to previous quarters since the excise tax on revenues and lower interconnect fees were introduced in the third quarter of 2010. The revenue decline still continued in the quarter due to maximum retail tariffs introduced in April 2011 and severe price competition in the market.

In Moldova, net sales in local currency increased 9.1 percent to the equivalent of SEK 143 million (131). In Nepal, net sales in local currency grew by 68.9 percent to the equivalent of SEK 547 million (370) as a result of a continued strong subscription intake.

- **The number of subscriptions** in the consolidated operations was 34.8 million, an increase by 6.3 million, from the end of the fourth quarter of 2010. Growth was strongest in Nepal, Kazakhstan and Uzbekistan with a rise of 2.8 million, 1.9 million and 0.9 million to 6.8 million, 10.9 million and 7.7 million subscriptions, respectively. During the fourth quarter, the total number of subscriptions in the consolidated operations increased by 2.1 million. Nepal, Kazakhstan and Uzbekistan showed the largest rises with an increase of 0.8 million, 0.7 million and 0.2 million subscriptions, respectively.

- **EBITDA**, excluding non-recurring items, increased 7.3 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 3.7 percent to SEK 2,357 million (2,273). The EBITDA margin fell to 50.1 percent (52.6).

  EBITDA margin continued to exceed 50 percent in Kazakhstan, Nepal and Tajikistan. Despite fierce competition and negative effects of difficult weather conditions in Uzbekistan, the EBITDA margin remained around 40 percent. EBITDA margin in Azerbaijan declined compared to the same period last year due to lower revenues and an increase in off-net traffic.

- **CAPEX** decreased to SEK 1,754 million (2,580) and the CAPEX-to-sales ratio decreased to 37.3 percent (59.7). CAPEX, excluding licenses and spectrum fees, amounted to SEK 1,362 million (2,190) and the CAPEX-to-sales ratio to 28.9 percent (50.7). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, improved to SEK 603 million (-307).

Full year

- **Net sales** in local currencies and excluding acquisitions rose 17.0 percent. Net sales in reported currency increased 5.3 percent to SEK 17,330 million (16,458). The negative effect of exchange rate fluctuations was 11.7 percent.

- **EBITDA**, excluding non-recurring items, increased 17.6 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 6.0 percent to SEK 8,850 million (8,348) and the margin increased to 51.1 percent (50.7). Addressable cost base in local currencies and excluding acquisitions increased 10.7 percent.

- **CAPEX** decreased to SEK 4,538 million (5,473) and the CAPEX-to-sales ratio decreased to 26.2 percent (33.3). CAPEX, excluding licenses and spectrum fees, amounted to SEK 4,129 million (4,941) and the CAPEX-to-sales ratio to 23.8 percent (30.0). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 4,312 million (2,875).

SEK in millions, except changes	Oct-Dec 2011	Oct-Dec 2010	*Chg (%)*	Jan-Dec 2011	Jan-Dec 2010	*Chg (%)*
Net sales	4,708	4,323	*9*	17,330	16,458	*5*
of which Kazakhstan	2,147	1,971	*9*	7,913	7,450	*6*
of which Azerbaijan	928	935	*-1*	3,449	3,817	*-10*
of which Uzbekistan	470	463	*2*	1,738	1,607	*8*
of which Tajikistan	232	216	*7*	834	823	*1*
of which Georgia	242	239	*1*	926	1,133	*-18*
of which Moldova	143	131	*9*	518	489	*6*
of which Nepal	547	370	*48*	1,960	1,149	*71*

Net sales in local currencies and excluding acquisitions	Oct-Dec	Jan-Dec
Change (%), total	*12.7*	*17.0*
Change (%), Kazakhstan	*10.8*	*17.2*
Change (%), Azerbaijan	*-1.8*	*-2.0*
Change (%), Uzbekistan	*13.3*	*29.8*
Change (%), Tajikistan	*18.1*	*18.2*
Change (%), Georgia	*-5.5*	*-14.6*
Change (%), Moldova	*9.1*	*11.1*
Change (%), Nepal	*68.9*	*92.9*

Associated companies – Russia

Fourth quarter

- MegaFon (associated company, in which TeliaSonera holds 43.8 percent) in Russia reported a subscription base of 62.5 million, an increase of 5.3 million compared to the corresponding period last year and 2.3 million higher than the previous quarter.

- TeliaSonera's income from Russia decreased to SEK 1,049 million (1,154). The Russian ruble depreciated 2.1 percent against the Swedish krona which had a negative impact of SEK 21 million.

Full year

- TeliaSonera's income from Russia decreased to SEK 4,410 million (5,053). The Russian ruble depreciated 6.8 percent against the Swedish krona which had a negative impact of SEK 322 million. The EBITDA margin in MegaFon was somewhat lower than comparable period driven by price erosion, increasing share of lower margin handset sales and fixed broadband.

Associated companies – Turkey

Fourth quarter

- Turkcell (associated company, in which TeliaSonera holds 38.0 percent, reported with a one-quarter lag) in Turkey reported a subscription base of 34.4 million, an increase of 0.5 million compared to the corresponding period last year and 0.3 million higher than the previous quarter. In Ukraine, the number of subscriptions decreased by 0.5 million to 9.3 million compared to the corresponding period last year and increased by 0.6 million during the quarter.

- TeliaSonera's income from Turkey decreased to SEK 640 million (879). The Turkish lira depreciated 11.5 percent against the Swedish krona, which had a negative impact of SEK 83 million.

Full year

- TeliaSonera's income from Turkey decreased to SEK 1,331 million (2,550). The Turkish lira depreciated 13.8 percent against the Swedish krona, which had a negative impact of SEK 213 million. The EBITDA in Turkcell year-on year decreased due to maximum tariff regulation, lower interconnection rates and increased marketing expenses driven by aggressive competition in Turkey. TeliaSonera's income from Turkey was also negatively affected by devaluation and goodwill impairment in Belarus.

Other operations

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

SEK in millions, except changes	Oct-Dec 2011	Oct-Dec 2010	Chg (%)	Jan-Dec 2011	Jan-Dec 2010	Chg (%)
Net sales	1,102	1,246	-12	3,992	5,102	-22
EBITDA excl. non-recurring items	2	94	-98	257	560	-54
Income from associated companies	-49	-5		-115	-23	
Operating income	-254	234		-541	143	
Operating income excl. non-recurring items	-141	-68	-107	-406	-154	
CAPEX	222	190	17	657	654	0

Additional segment information available at www.teliasonera.com.

- **Net sales** in local currencies and excluding acquisitions decreased 7.3 percent. In reported currency, net sales decreased 11.6 percent to SEK 1,102 million (1,246).

- **EBITDA**, excluding non-recurring items, decreased to SEK 2 million (94) in reported currency.

Stockholm, February 2, 2012

Lars Nyberg
President and CEO

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

TeliaSonera AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 07:00 CET on February 2, 2012.

Financial Information

Annual General Meeting 2012 in Stockholm	April 3, 2012
Interim Report January–March 2012	April 19, 2012
Interim Report January–June 2012	July 18, 2012
Interim Report January–September 2012	October 17, 2012
Year-end Report January–December 2012	January 31, 2013

Questions regarding the reports:
TeliaSonera AB
Investor Relations
SE–106 63 Stockholm, Sweden
Tel. +46 8 504 550 00
Fax +46 8 611 46 42
www.teliasonera.com

Definitions

Addressable cost base: Comprises personnel costs, marketing costs and all other operating expenses other than purchases of goods and sub-contractor services, and interconnect, roaming and other network-related costs.

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

Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	Oct-Dec 2011	Oct-Dec 2010[1)]	Chg (%)	Jan-Dec 2011	Jan-Dec 2010[1)]	Chg (%)
Net sales	27,123	26,851	*1*	104,354	106,979	*-2*
Cost of sales	-15,222	-13,640	*12*	-57,035	-57,691	*-1*
Gross profit	**11,901**	**13,211**	***-10***	**47,319**	**49,288**	***-4***
Selling, admin. and R&D expenses	-6,299	-7,647	*-18*	-24,232	-25,684	*-6*
Other operating income and expenses, net	573	469	*22*	763	578	*32*
Income from associated companies and joint ventures	1,652	2,144	*-23*	5,717	7,821	*-27*
Operating income	**7,827**	**8,177**	***-4***	**29,567**	**32,003**	***-8***
Finance costs and other financial items, net	-835	-558	*50*	-2,793	-2,067	*35*
Income after financial items	**6,992**	**7,619**	***-8***	**26,774**	**29,936**	***-11***
Income taxes	-1,318	-1,654	*-20*	-5,702	-6,374	*-11*
Net income	**5,674**	**5,965**	***-5***	**21,072**	**23,562**	***-11***
Foreign currency translation differences	-2,757	-2,722		-5,339	-18,959	
Income from associated companies	59	-144		88	-103	
Cash flow hedges	-11	122		-118	63	
Available-for-sale financial instruments	-1	0		-1	-90	
Income taxes relating to other comprehensive income	-389	-180		5	-936	
Other comprehensive income	**-3,099**	**-2,924**		**-5,365**	**-20,025**	
Total comprehensive income	**2,575**	**3,041**		**15,707**	**3,537**	
Net income attributable to:						
Owners of the parent	4,972	5,309		18,341	21,257	
Non-controlling interests	702	656		2,731	2,305	
Total comprehensive income attributable to:						
Owners of the parent	2,033	2,396		13,096	1,692	
Non-controlling interests	542	645		2,611	1,845	
Earnings per share (SEK), basic and diluted	1.15	1.18		4.20	4.73	
Number of shares (thousands)						
Outstanding at period-end	4,330,085	4,490,457		4,330,085	4,490,457	
Weighted average, basic and diluted	4,330,085	4,490,457		4,366,992	4,490,457	
Number of treasury shares (thousands)						
Outstanding at period-end	–	–		–	–	
Weighted average	–	–		50,528	–	
EBITDA	9,587	9,222		36,873	37,661	
EBITDA excl. non-recurring items	9,191	9,002		36,914	36,897	
Depreciation, amortization and impairment losses	-3,412	-3,189		-13,023	-13,479	
Operating income excl. non-recurring items	7,519	7,969		29,737	31,935	

1) Certain restatements have been made, see page 21.

Condensed Consolidated Statements of Financial Position

SEK in millions	Dec 31, 2011	Dec 31, 2010
Assets		
Goodwill and other intangible assets	91,915	90,531
Property, plant and equipment	59,580	58,353
Investments in associates and joint ventures, deferred tax assets and other non-current assets	65,743	62,458
Total non-current assets	*217,238*	*211,342*
Inventories	1,475	1,395
Trade receivables, current tax assets and other receivables	21,035	19,993
Interest-bearing receivables	1,533	2,477
Cash and cash equivalents	12,600	15,344
Total current assets	*36,643*	*39,209*
Total assets	**253,881**	**250,551**
Equity and liabilities		
Equity attributable to owners of the parent	116,680	125,907
Equity attributable to non-controlling interests	7,353	6,758
Total equity	*124,033*	*132,665*
Long-term borrowings	68,108	60,563
Deferred tax liabilities, other long-term provisions	24,163	23,230
Other long-term liabilities	1,409	1,593
Total non-current liabilities	*93,680*	*85,386*
Short-term borrowings	11,734	4,873
Trade payables, current tax liabilities, short-term provisions and other current liabilities	24,434	27,627
Total current liabilities	*36,168*	*32,500*
Total equity and liabilities	**253,881**	**250,551**

Condensed Consolidated Statements of Cash Flows

SEK in millions	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Cash flow before change in working capital	7,002	7,037	28,855	28,831
Change in working capital	117	716	-1,832	-1,397
Cash flow from operating activities	**7,119**	**7,753**	**27,023**	**27,434**
Cash CAPEX	-6,596	-6,011	-17,394	-14,533
Free cash flow	***523***	***1,742***	***9,629***	***12,901***
Cash flow from other investing activities	864	-866	88	-1,943
Total cash flow from investing activities	**-5,732**	**-6,877**	**-17,306**	**-16,476**
Cash flow before financing activities	***1,387***	***876***	***9,717***	***10,958***
Cash flow from financing activities	**-3,537**	**1,540**	**-12,035**	**-17,736**
Cash flow for the period	**-2,150**	**2,416**	**-2,318**	**-6,778**
Cash and cash equivalents, opening balance	**14,912**	**12,787**	**15,344**	**22,488**
Cash flow for the period	-2,150	2,416	-2,318	-6,778
Exchange rate differences	-162	141	-426	-366
Cash and cash equivalents, closing balance	**12,600**	**15,344**	**12,600**	**15,344**

Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Dec 2011 Owners of the parent	Jan-Dec 2011 Non-controlling interests	Jan-Dec 2011 Total equity	Jan-Dec 2010 Owners of the parent	Jan-Dec 2010 Non-controlling interests	Jan-Dec 2010 Total equity
Opening balance	125,907	6,758	**132,665**	135,372	7,127	**142,499**
Dividends	-12,349	-2,018	**-14,367**	-10,104	-2,037	**-12,141**
Repurchased and canceled treasury shares	-9,983	–	**-9,983**	–	–	**–**
Other transactions with owners	-2	2	**0**	-1,057	-177	**-1,234**
Total comprehensive income	13,096	2,611	**15,707**	1,692	1,845	**3,537**
Share-based payments	11	–	**11**	4	–	**4**
Closing balance	**116,680**	**7,353**	**124,033**	**125,907**	**6,758**	**132,665**

Basis of Preparation

General. As in the annual accounts for 2010, TeliaSonera's consolidated financial statements as of and for the year ended December 31, 2011, 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 Accounts 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*.

Correction of prior period classification errors. For information, see corresponding section in TeliaSonera's Interim Report January-March 2011.

New accounting standards (not yet adopted by the EU). IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after January 1, 2013; earlier application permitted) was published on October 19, 2011. IFRIC 20 is not relevant to TeliaSonera.

On December 16, 2011 the IASB presented amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures* and IAS 32 *Financial Instruments: Presentation*. The mandatory application date for IFRS 9 was deferred to January 1, 2015 and the related disclosure requirements in IFRS 7 were changed to permit or require reconciliation between the measurement categories in accordance with IAS 39 and IFRS 9 and to require disclosure of other transition effects on initial application of IFRS 9.

IAS 32 (effective for annual periods beginning on or after January 1, 2014; to be applied retrospectively), clarified the meaning of 'currently has a legally enforceable right of set-off'´ and that some gross settlement systems may be considered equivalent to net settlement. TeliaSonera is currently analyzing the effects, if any.

For additional information, see corresponding sections in TeliaSonera's Interim Report January-June 2011 and Annual Report 2010.

Non-recurring Items

SEK in millions	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Within EBITDA	**396**	**220**	**-41**	**764**
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-156	-8	-221	-26
Broadband Services	-99	-27	-575	-142
Eurasia	7	-47	-19	-47
Other operations	-51	10	-177	-144
of which TeliaSonera Holding	*20*	*-34*	*28*	*-37*
Capital gains/losses:				
Telia Stofa	–	-1	–	830
Other entities	695	293	951	293
Within Depreciation, amortization and impairment losses	**-25**	**-12**	**-66**	**-692**
Impairment losses, accelerated depreciation:				
Broadband Services	-25	-12	-66	-14
Other operations	–	–	–	-678
Within Income from associated companies and joint ventures	**-63**	**–**	**-63**	**-4**
Impairment losses	-63	–	-63	–
Capital gains:				
SmartTrust	–	–	–	-4
Within Finance costs and other financial items, net	**–**	**–**	**–**	**–**
Total	**308**	**208**	**-170**	**68**

Deferred Taxes

SEK in millions	Dec 31, 2011	Dec 31, 2010
Deferred tax assets	8,073	9,048
Deferred tax liabilities	-13,437	-12,526
Net deferred tax liabilities (-)/assets (+)	**-5,364**	**-3,478**

Segment and Group Operating Income

SEK in millions	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Mobility Services	2,564	2,655	11,064	10,750
Broadband Services	1,561	1,718	6,582	7,813
Eurasia	3,996	3,567	12,499	13,267
Other operations	-254	234	-541	143
Total segments	**7,867**	**8,174**	**29,604**	**31,973**
Elimination of inter-segment profits	-40	3	-37	30
Group	**7,827**	**8,177**	**29,567**	**32,003**

Related Party Transactions

Svenska UMTS-nät. As of December 31, 2011, TeliaSonera had interest-bearing claims of SEK 1,680 million on its 50 percent-owned joint venture, Svenska UMTS-nät AB. In the three-month period and the year ended December 31, 2011, TeliaSonera purchased services from Svenska UMTS-nät worth SEK 147 million and SEK 578 million, respectively, and sold services worth SEK 67 million and SEK 254 million, respectively.

Investments

SEK in millions	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
CAPEX	**6,053**	**5,860**	**17,243**	**14,934**
Intangible assets	1,904	795	4,557	2,498
Property, plant and equipment	4,149	5,065	12,686	12,436
Acquisitions and other investments	**78**	**390**	**672**	**1,735**
Asset retirement obligations	72	114	323	527
Goodwill and fair value adjustments	–	47	112	69
Equity holdings	6	229	237	1,139
Total	**6,131**	**6,250**	**17,915**	**16,669**

Net Debt

SEK in millions	Dec 31, 2011	Dec 31, 2010
Long-term and short-term borrowings	79,842	65,436
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings	-2,085	-1,731
Less short-term investments, cash and bank	-12,678	-16,396
Net debt	**65,079**	**47,309**

Loan Financing and Credit Rating

The underlying operating cash-flow continued to be positive also in the fourth quarter of 2011.

In late December 2011, after the announcement about signing an agreement to increase its ownership in Kcell, Moody´s changed the outlook from stable to negative for its credit rating on TeliaSonera AB of A3 for long-term borrowings and P-2 for short-term borrowings. In January 2012, Standard & Poor's confirmed its credit rating on TeliaSonera AB of A- for long-term borrowings and A-2 for short-term borrowings with a stable outlook.

The European sovereign debt crisis continues with few signs of relief. Illiquidity dominates in all parts of the financial markets so also in credit markets with very low activity. TeliaSonera has not done any major issuance during the quarter, but continues to have a focus on different funding alternatives in order to be prepared and able to take advantage of attractive funding opportunities when they appear.

The economic outlook for 2012 for the Eurozone looks dire and is now facing the risk of moving into recession. Liquidity continues to be key and is expected to be scarce also in 2012. For corporate credit markets current situation with uncertainty will most likely prevail, markets are expected to be volatile and event-driven throughout 2012.

The Swedish krona traded sideways during the quarter and ended in a strengthening mode despite considerable stress and illiquidity in financial markets. The outlook for SEK is uncertain but is increasingly regarded as a safe haven, hence breaking up historical relationship of a weaker SEK during financial market stress.

Financial Key Ratios

	Dec 31, 2011	Dec 31, 2010
Return on equity (%, rolling 12 months)	16.8	17.8
Return on capital employed (%, rolling 12 months)	16.4	16.9
Equity/assets ratio (%)	44.0	48.0
Net debt/equity ratio (%)	58.3	39.3
Net debt/EBITDA rate (multiple, rolling 12 months)	1.76	1.28
Owners' equity per share (SEK)	26.95	28.04

Business Combinations

For information on business combinations during the year, see corresponding sections in TeliaSonera's Interim Report January-June 2011 and Interim Report January-March 2011.

Guarantees and Collateral Pledged

As of December 31, 2011, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 305 million, of which SEK 273 million referred to guarantees for pension obligations. Collateral pledged totaled SEK 259 million.

Contractual Obligations and Commitments

As of December 31, 2011, contractual obligations totaled SEK 685 million, of which SEK 577 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden.

On December 22, 2011, TeliaSonera signed an agreement with Kazakhtelecom to acquire 49 percent of the shares in Kcell in Kazakhstan. TeliaSonera has also agreed to sell 25 percent of the shares minus one share in Kcell in an Initial Public Offering (IPO), expected to be completed during 2012. Depending on the share price development after the IPO, TeliaSonera may have to make an additional payment to Kazakhtelecom. Once both steps of the transaction have been completed, TeliaSonera's effective ownership in Kcell, which currently is 37.9 percent, will be 61.9 percent. The acquisition is expected to positively affect earnings per share. At the date of closing of the first step, retained earnings in shareholders' equity and non-controlling interests in equity will decrease and net debt will increase. The transaction, which was subject to several conditions, including approval by the regulator, closed on February 1, 2012 and USD 1.519 billion was paid on the same day.

Parent Company

Condensed Income Statements (SEK in millions)	**Oct-Dec 2011**	**Oct-Dec 2010**	**Jan-Dec 2011**	**Jan-Dec 2010**
Net sales	6	3,218	30	13,236
Operating income	-525	545	-1,616	1,803
Income after financial items	2,674	11,199	11,034	34,761
Income before taxes	2,007	10,252	10,972	29,798
Net income	1,476	9,344	9,691	25,422

As of January 1, 2011, the parent company operations within fixed network services and broadband application services were transferred to a subsidiary, strongly impacting net sales and operating income. Out of the total net sales in the year, SEK 30 million (10,375) was billed to subsidiaries. Income after financial items declined, as a result of lower group contributions and dividends from subsidiaries and negative effects from foreign exchange derivatives.

Condensed Balance Sheets (SEK in millions)	**Dec 31, 2011**	**Dec 31, 2010**
Non-current assets	177,648	174,292
Current assets	43,661	65,044
Total assets	**221,309**	**239,336**
Shareholders' equity	81,848	94,573
Untaxed reserves	13,271	13,209
Provisions	570	620
Liabilities	125,620	130,934
Total equity and liabilities	**221,309**	**239,336**

Total investments in the year were SEK 4,042 million (11,898), of which SEK 4,014 million referred to shareholder contributions to subsidiaries. In 2010, investments amounting to SEK 10,967 million referred to acquisition of shares in subsidiaries.

Risks and Uncertainties

TeliaSonera operates in a broad range of geographic product and service markets in the highly competitive and regulated telecommunications industry. As a result, TeliaSonera is subject to a variety of risks and uncertainties. Management has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals. Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities. Additionally, these risks may affect TeliaSonera's share price from time to time.

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

See Notes C27 and C35 to the consolidated financial statements in TeliaSonera's Annual Report 2010 for a detailed description of some of the factors that may affect TeliaSonera's business, financial position and results of operations. TeliaSonera believes that the risk environment has not materially changed from the one described in the Annual Report 2010.

Risks and uncertainties that could specifically impact the quarterly results of operations during 2012 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.

- *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.

- *Associated companies*. A significant portion of TeliaSonera's results derives from MegaFon and Turkcell, which TeliaSonera does not control and which operate in growth markets but also in more volatile political, economic and legal environments. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.

- *Acquisitions*. TeliaSonera has made a number of targeted acquisitions in accordance with its strategy. The efficient integration of these acquisitions and the realization of related cost and revenue synergies, as well as the positive development of the acquired operations, are significant for the results of operations both in the long and short term.

- *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.

Previous Group outlook for 2011 (published on October 19, 2011)

The growth in net sales in local currencies and excluding acquisitions and disposals is expected to be around 3 percent. Currency fluctuations may have a material impact on reported figures in Swedish krona.

We expect the growth in the addressable cost base in 2011 to be below the growth in net sales, in local currencies and excluding acquisitions. The EBITDA margin, excluding non-recurring items, in 2011 is expected to improve compared with 2010.

Capital expenditures will be driven by investments in broadband and mobile capacity as well as in network expansion in Eurasia. The CAPEX-to-sales ratio is expected to be approximately 13-14 percent in 2011, excluding license and spectrum fees.

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.