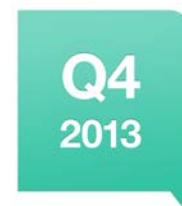


Stable finish to a challenging year



Fourth quarter summary

- Net sales in local currencies, excluding acquisitions and disposals, decreased 0.2 percent. In reported currency, net sales decreased 2.1 percent to SEK 26,503 million (27,069).
- The addressable cost base in local currencies, excluding acquisitions and disposals, increased 2.8 percent. In reported currency, the addressable cost base increased 1.0 percent to SEK 7,466 million (7,394).
- EBITDA, excluding non-recurring items, increased 0.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 3.0 percent to SEK 8,728 million (9,002). The EBITDA margin, excluding non-recurring items, decreased to 32.9 percent (33.3).
- Operating income, excluding non-recurring items, decreased 7.0 percent to SEK 7,100 million (7,636). Operating income decreased to SEK 4,560 million (7,826).
- Net income attributable to owners of the parent company decreased 68.2 percent to SEK 2,190 million (6,880). Earnings per share decreased to SEK 0.51 (1.59).
- Free cash flow was SEK 2,126 million (2,934).

Full year summary

- Net sales in local currencies, excluding acquisitions and disposals, decreased 0.2 percent. In reported currency, net sales decreased 3.0 percent to SEK 101,700 million (104,898).
- Net income attributable to owners of the parent company decreased 24.7 percent to SEK 14,970 million (19,886) and earnings per share decreased to SEK 3.46 (4.59).
- Free cash flow was SEK 16,310 million (23,740). Free cash flow excluding dividends from MegaFon was SEK 14,370 million (12,014).
- The Board of Directors proposes an ordinary dividend of SEK 3.00 per share (2.85), totaling SEK 13.0 billion (12.3) or 87 percent (62) 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 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	26,503	27,069	-2.1	101,700	104,898	-3.0
<i>Change % local FX ex acquisitions and disposals</i>	-0.2			-0.2		
Addressable cost base ¹⁾	7,466	7,394	1.0	28,380	29,644	-4.3
<i>Change % local FX ex acquisitions and disposals</i>	2.8			-1.6		
EBITDA ¹⁾ excl. non-recurring items ²⁾	8,728	9,002	-3.0	35,584	36,171	-1.6
Margin (%)	32.9	33.3		35.0	34.5	
Operating income	4,560	7,826	-41.7	24,462	28,400	-13.9
Operating income excl. non-recurring items	7,100	7,636	-7.0	28,534	28,682	-0.5
Net income	2,695	7,168	-62.4	16,767	21,168	-20.8
of which attributable to owners of the parent	2,190	6,880	-68.2	14,970	19,886	-24.7
Earnings per share (SEK)	0.51	1.59	-67.9	3.46	4.59	-24.6
Return on equity (%), rolling 12 months)	15.9	20.5		15.9	20.5	
CAPEX-to-sales (%)	22.8	17.8		16.1	15.0	
Free cash flow	2,126	2,934	-27.5	16,310	23,740	-31.3

1) Please refer to the last page for definitions. 2) Non-recurring items; see table on page 25.

Comments by Johan Dannelind, President and CEO

"It is clear that 2013 was an eventful and challenging year for TeliaSonera and the telecoms industry. Overall performance was impacted by modest economic growth, regulatory effects and rapidly changing customer behavior. In this environment, we are pleased to close the year with virtually flat organic revenues, a slight increase in our EBITDA margin, excluding non-recurring items, to 35.0 percent and solid free cash flow of SEK 16.3 billion.

In the fourth quarter, organic revenues stayed more or less unchanged year over year, while the EBITDA margin declined marginally. We continued to develop our data centric pricing models and invested further in network coverage and quality across our footprint. In addition, we secured crucial mobile spectrum in Finland and Norway. In Sweden, performance in the consumer segment was encouraging, with good demand for fiber within Broadband Services and positive contribution to billed revenue growth in Mobility Services. However, overall performance was adversely impacted by challenges in the enterprise area. In Finland, revenue pressure eased and profitability improved despite a difficult macroeconomic environment. Our Eurasian operations delivered another quarter with strong profitability, which is reassuring as we continue to form the business for the future.

Since I assumed responsibility in September, a key task has been to develop the strategic roadmap for TeliaSonera's journey ahead. An important step in this process was taken in December when we finalized our new operating model, a country based structure that will be launched on April 1, 2014. The aim with this change is to reduce overall complexity within the group, enhance customer focus and clarify general accountability.

Together with increased focus from group functions, the new structure will facilitate one common agenda across the company. We need to improve our competitive position going forward, particularly within the enterprise area, and expect to deliver further updates on this process and give more color to our overall journey ahead during the course of 2014.

Creating a sustainable business is a key part of our strategic initiatives and significant measures have been taken in order to strengthen corporate governance. The roll-out of our code of ethics and conduct training continues, with focus on anti-corruption. The board has adopted a new freedom of expression policy in Telecommunications, which will be a vital tool for us when we deal with these issues in the markets where we operate. We monitor the progress through our newly established GREC (Governance, Risk, Ethics and Compliance) Committee, where the entire Group Management is present.

As a result of our strong cash flow generation and solid financial position, the board proposes a dividend of SEK 3.00 for 2013, an increase by 5.3 percent, corresponding to a pay-out ratio of EPS of 87 percent."

Group outlook for 2014

Net sales in local currencies, excluding acquisitions and disposals, are expected to be around the same level as in 2013. Currency fluctuations may have a material impact on reported figures in Swedish krona.

The EBITDA margin, excluding non-recurring items, is expected to be around the same level as in 2013 (35.0 percent).

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

Efficiency measures

In the third quarter report of 2012, TeliaSonera announced efficiency measures with a target to reduce the cost base by SEK 2 billion net over a period of two years ending 2014, affecting 2,000 employees.

The redundancies related to the efficiency measures have been completed and the non-recurring costs amounted to SEK 1.2 billion in 2013.

The accumulated savings amounted to approximately SEK 1 billion at the end of 2013.

Review of the Group, fourth quarter 2013

Sales and earnings

Net sales in local currencies, excluding acquisitions and disposals, decreased 0.2 percent. In reported currency, net sales decreased 2.1 percent to SEK 26,503 million (27,069). The negative effect of exchange rate fluctuations was 1.1 percent and the negative effect of acquisitions and disposals was 0.8 percent.

In Mobility Services, net sales in local currencies, excluding acquisitions and disposals, decreased 2.5 percent. In reported currency, net sales decreased 2.3 percent to SEK 12,783 million (13,080).

In Broadband Services, net sales in local currencies, excluding acquisitions and disposals, decreased 1.7 percent. In reported currency, net sales decreased 3.9 percent to SEK 8,690 million (9,039).

In Eurasia, net sales in local currencies, excluding acquisitions and disposals, increased 7.7 percent. Net sales in reported currency increased 0.3 percent to SEK 5,241 million (5,223).

The number of subscriptions increased by 6.0 million from the end of the fourth quarter of 2012 to 189.0 million. In the consolidated operations the number of subscriptions increased by 1.3 million to 72.5 million. In the associated companies, the number of subscriptions increased by 4.7 million to 116.5 million. During the fourth quarter, the total number of subscriptions decreased by 0.2 million in the consolidated operations and increased by 3.3 million in the associated companies.

Net sales per Business area



- Mobility services
- Broadband services
- Eurasia
- Other operations

The addressable cost base in local currencies, excluding acquisitions and disposals, increased 2.8 percent. In reported currency, the addressable cost base increased 1.0 percent to SEK 7,466 million (7,394).

EBITDA, excluding non-recurring items, increased 0.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 3.0 percent to SEK 8,728 million (9,002). The EBITDA margin, excluding non-recurring items, decreased to 32.9 percent (33.3).

Operating income, excluding non-recurring items, decreased 7.0 percent to SEK 7,100 million (7,636). Income from associated companies, excluding non-recurring items, decreased to SEK 1,689 million (1,866).

Non-recurring items affecting operating income totaled SEK -2,540 million (189), mainly due to write downs, scrapping and costs related to personnel reductions.

Financial items totaled SEK -739 million (-803) of which SEK -721 million (-769) related to net interest expenses.

Income taxes increased to SEK 1,126 million (-145). The effective tax rate in the quarter was 29.5 percent (-2.1), mainly due to the one-time effect of SEK 675 million related to the net deferred tax asset decrease as a result of a reduction of the corporate income tax in Finland from 24.5 percent to 20.0 percent. In the fourth quarter of 2012 the income tax was heavily impacted by the one-time effect related to the net deferred tax liability decrease connected to the tax rate reduction in Sweden.

Non-controlling interests in subsidiaries increased to SEK 505 million (288) of which SEK 453 million (225) was related to the Eurasian operations and SEK 35 million (50) to LMT and TEO.

Net income attributable to owners of the parent company decreased 68.2 percent to SEK 2,190 million (6,880) and earnings per share decreased to SEK 0.51 (1.59).

CAPEX increased to SEK 6,047 million (4,813) and the CAPEX-to-sales ratio to 22.8 percent (17.8). The CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 18.9 percent (17.3).

Free cash flow decreased to SEK 2,126 million (2,934).

Net debt decreased to SEK 55,774 million at the end of the fourth quarter (56,782 at the end of the third quarter of 2013). The net debt/EBITDA ratio was 1.57 (1.58 at the end of the third quarter of 2013).

The equity/assets ratio was 39.5 percent (40.9 percent at the end of the third quarter of 2013).

Review of the Group, full year 2013

Sales and earnings

Net sales in local currencies, excluding acquisitions and disposals, decreased 0.2 percent. In reported currency, net sales decreased 3.0 percent to SEK 101,700 million (104,898). The negative effect of exchange rate fluctuations was 2.1 percent and the negative effect of acquisitions and disposals was 0.7 percent.

The addressable cost base in local currencies, excluding acquisitions and disposals, decreased 1.6 percent. In reported currency, the addressable cost base decreased 4.3 percent to SEK 28,380 million (29,644).

EBITDA, excluding non-recurring items, increased 1.7 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.6 percent to SEK 35,584 million (36,171). The EBITDA margin, excluding non-recurring items, increased to 35.0 percent (34.5).

Operating income, excluding non-recurring items, decreased 0.5 percent to SEK 28,534 million (28,682). Income from associated companies, excluding non-recurring items, increased to SEK 5,986 million (5,488).

Non-recurring items affecting operating income totaled SEK -4,072 million (-282), mainly related to write downs, scrapping and costs related to personnel reductions.

Financial items totaled SEK -3,094 million (-3,918) of which SEK -2,918 million (-3,181) related to net interest expenses.

Income taxes increased to SEK 4,601 million (3,314). The effective tax rate was 21.5 percent (13.5). A one-time effect of SEK 675 million related to the net deferred tax asset was recorded in the fourth quarter of 2013, as a result of a reduction of the corporate income tax in Finland from 24.5 percent to 20.0 percent. The effective tax rate going forward is expected to be around 20 percent. In 2012 the income tax was heavily impacted by the tax rate reduction in Sweden.

Non-controlling interests in subsidiaries increased to SEK 1,797 million (1,282) of which SEK 1,619 million (1,042) was related to the Eurasian operations and SEK 133 million (197) to LMT and TEO.

Net income attributable to owners of the parent company decreased 24.7 percent to SEK 14,970 million (19,886) and earnings per share decreased to SEK 3.46 (4.59).

CAPEX increased to SEK 16,332 million (15,685) and the CAPEX-to-sales ratio to 16.1 percent (15.0). The CAPEX-to-sales ratio, excluding license and spectrum fees, decreased to 14.3 percent (14.6).

Free cash flow decreased to SEK 16,310 million (23,740). Free cash flow excluding dividends from MegaFon increased to SEK 14,370 million (12,014).

Acquisitions and divestitures

- During the second quarter, TeliaSonera divested its remaining 2.46 million shares in Telio Holding, a company listed on the Oslo Stock Exchange, for a total consideration of NOK 55 million. The shares were part of the payment when TeliaSonera divested NextGenTel to Telio on January 31, 2013.
- On September 11, 2013, TeliaSonera announced that it had exited Nepal Satellite and focuses on Ncell, which reduces the business risk and complexity of TeliaSonera's involvement in Nepal. TeliaSonera reached an agreement to sell back its indirect ownership in Nepal Satellite, a regional operator in Nepal, to Zhodar Investment. The transaction generated a capital loss of SEK 389 million.
- On December 18, 2013, TeliaSonera announced that it had acquired a group of companies within open fiber networks. By acquiring the communication operator Zitius, TeliaSonera continues to invest in the Swedish fiber business. The acquisition also comprised Quadracom Networks and the service provider Riksnet. The operations are part of TeliaSonera's Fiber Business unit in Sweden. In total, the purchase price amounted to SEK 473 million on a cash and debt-free basis. The transactions are subject to regulatory approval.

Significant events in 2013

- On February 1, 2013, TeliaSonera announced that Lars Nyberg, President and CEO, had decided to leave TeliaSonera.
- On February 1, 2013, TeliaSonera announced that the Board of Directors had appointed Per-Arne Blomquist as acting President and CEO.
- On February 6, 2013, TeliaSonera announced that Veysel Aral, CEO of Kcell and Regional Head of Central Asia, had been appointed President of Business area Eurasia. In this role, he succeeded Tero Kivisaari, who managed dual roles since his appointment as President of Business area Mobility Services in October 2012.
- On February 6, 2013, TeliaSonera announced that Christian Luiga, formerly Head of Corporate Control, had been appointed acting CFO. This was a consequence of Per-Arne Blomquist being appointed acting President and CEO.
- On March 12, 2013, TeliaSonera announced that the Capital Markets Board of Turkey (CMB) had decided to appoint three independent board members to the Board of Turkcell, replacing three Board members representing each of the major shareholders.
- On March 12, 2013, TeliaSonera announced that the company, and its fellow founding members of the Telecommunication Industry Dialogue, had published the signed guiding principles on telecommunication and freedom of expression and privacy. The principles are the result of two years of dialogue. In addition, the Global Network Initiative (GNI) announced a two year collaboration with the Industry Dialogue group. By working together, the Industry Dialogue and GNI aim to advance freedom of expression and privacy rights in the Information and Communication Technology (ICT) sector more effectively.
- On April 2, 2013, TeliaSonera announced that it had decided to continue developing its Spanish operator Yoigo.

- On April 3, 2013, six new members of the board were elected and the board members are Marie Ehrling, Chair, Olli-Pekka Kallasvuo, Vice-Chair, Mats Jansson, Mikko Kosonen, Nina Linander, Martin Lorentzon, Per-Arne Sandström and Kersti Strandqvist. At the statutory meeting, it was decided to establish a Sustainability and Ethics Committee.
- On April 18, 2013, TeliaSonera announced that the Board of Directors launched a review of the transactions in Eurasia, led by Norton Rose Fulbright.
- On April 22, 2013, TeliaSonera announced that it had acquired 90,000 own shares to cover commitments under the “Long Term Incentive Program 2010/2013.”
- On May 17, 2013, TeliaSonera announced that Telia in Sweden will further invest in 4G and mobile coverage, expand within fiber and selectively target acquisitions of existing fiber networks in our home markets. Telia will significantly expand the 4G network in Sweden, targeting 92 percent geographic coverage in the next two years, utilizing existing 2G/3G infrastructure to ensure a cost efficient roll-out. The investment amounts to approximately SEK 5 billion annually during a three-year period.
- On May 30, 2013, TeliaSonera announced that it had secured 800 MHz spectrum enabling faster 4G roll-out in Estonia. By mid-June, the 4G network was ready to use and has a territorial coverage of over 95 percent.
- On June 14, 2013, TeliaSonera announced that Cecilia Edström would leave her position as Head of Group Communications at TeliaSonera during the summer of 2013.
- On June 16, 2013, TeliaSonera announced that the Board of Directors had appointed Johan Dannelind to the position of President and CEO of TeliaSonera. Johan Dannelind assumed the position on September 1, 2013.
- On August 1, 2013, TeliaSonera announced that its Spanish subsidiary Yoigo had reached a series of agreements with Telefonica’s subsidiary Movistar enabling Yoigo to sell combined fixed-mobile services to its customers. In addition, Movistar will be able to offer its customers better and faster mobile services on Yoigo’s 4G network. In parallel Yoigo and Telefónica have reached an agreement with Abertis Telecom to acquire mobile telephone towers from Yoigo and Telefonica, with the aim to improve cost efficiency. The agreement was expected to be carried out in the fourth quarter of 2013 and generate sales proceeds of EUR 60-70 million for Yoigo and reduce future operating costs.
- On August 15, 2013, TeliaSonera announced that Jonas Bengtsson had been appointed General Counsel of TeliaSonera.
- On August 29, 2013, TeliaSonera announced that it had issued a Eurobond of EUR 350 million in a 20 year deal maturing in September 2033, under its existing EUR 11 billion EMTN (Euro Medium Term Note) program. The Re-offer yield was set at 3.558 percent per annum equivalent to Euro Mid-swaps +85 basis points.
- On October 3, 2013, TeliaSonera announced that Sverker Hannervall had been appointed acting President of business area Mobility Services. He assumed the position with immediate effect and remained in his position as member of Group Management and Head of Business Services. He succeeded Tero Kivisaari, whose role in TeliaSonera’s criticized investments in Uzbekistan, and the attention surrounding them, made it impossible for him to act with the internal and external authority necessary.

- On October 30, 2013, TeliaSonera announced that its subsidiary in Finland, Sonera, invested in new 4G frequencies in the 800 MHz band. Sonera secured 2*10 MHz frequencies in the 800 MHz band. The licenses granted for the 800 MHz band are valid for 20 years starting from 2014, and the price for the new frequency blocks was EUR 41.2 million including the administrative fees for the auction. The payment to Ficora will be made in five parts during the next five years.
- On November 5, 2013, TeliaSonera announced that Peter Borsos has been appointed new Head of Group Communications.
- On November 29, 2013, TeliaSonera announced that senior employees had to leave TeliaSonera as a consequence of the ongoing review regarding transactions made in Eurasia. On the basis of the information and conclusions to that date it was evident to TeliaSonera's Board and CEO that the processes for conducting some transactions have not been in line with sound business practices. As a consequence four individuals had to leave the company.
- On November 29, 2013, TeliaSonera announced that TeliaSonera's Executive Vice President and Chief Financial Officer Per-Arne Blomquist had to leave his position effective immediately. Christian Luiga assumed the position as acting Chief Financial Officer, previously Head of CEO Office,
- On December 6, 2013, TeliaSonera announced that it had invested in new 4G frequencies in the 800 MHz band in Norway. Along with prolonged licenses in 900 MHz band and more 4G frequencies in the 1,800 MHz band, the investment underlined TeliaSonera's ambition to support customers with high speed data connections across the country. TeliaSonera paid NOK 626.7 million.
- On December 16, 2013, TeliaSonera announced that following the decision to change TeliaSonera's operating model, a new Group Management team will be formed. It will consist of twelve members with a mix of international experience and relevant industry background. It combines new people and outside experience with high performing existing members. There are two vacancies and one acting in the team. Permanent solutions are expected to be in place before April 1, 2014, which is when the new organization will be up and running.

Significant events after the end of 2013

- On January 16, 2014, TeliaSonera announced that the Year-end Report 2013 would include one-time related items. In the fourth quarter of 2013, operating income was impacted by one-time related items of SEK -2,524 million, of which SEK -2,331 million related to non-cash write-downs, primarily of goodwill, and scrapping of IT platforms.

TeliaSonera share

The TeliaSonera share is listed on NASDAQ OMX Stockholm and NASDAQ OMX Helsinki. The share's settlement price in Stockholm increased 21.5 percent in 2013, from SEK 44.06 to SEK 53.55. The highest share price was SEK 54.90 (49.33) and the lowest SEK 41.80 (41.43). The number of shareholders decreased from 553,631 to 529,394. Ownership by the Swedish state was 37.3 percent and the Finnish state's holding was 10.1 percent. Holdings outside Sweden and Finland increased to 25.6 percent from 22.4 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 2013, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 3.00 (2.85) per share, totaling SEK 13.0 billion (12.3), or 87 percent (62) 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 2, 2014, and that the first day of trading in shares excluding rights to dividend be set for April 3, 2014. The recommended record date at Euroclear Sweden for the right to receive dividend will be April 7, 2014. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on April 10, 2014.

Annual General Meeting 2014

The Annual General Meeting (AGM) will be held on April 2, 2014, 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 2014. The record date entitling shareholders to attend the meeting will be March 27, 2014. Shareholders may file notice of intent to attend the AGM from the end of February 2014. TeliaSonera must receive notice of attendance no later than March 27, 2014.

Stable margin within Mobility Services

- In the fourth quarter, TeliaSonera continued to develop its data centric pricing models and invested further in coverage and capacity. Mobile spectrum was secured in Finland and Norway, which will enable continued expansion of our 4G services.
- Revenue growth remained affected by lower regulated termination rates. Billed revenues declined by 0.8 percent year over year due to slower development in the B2B segment. The EBITDA margin remained more or less flat compared to the corresponding period last year.

Financial highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	12,783	13,080	-2.3	48,873	50,637	-3.5
<i>Chg % local FX ex acquisitions and disposals</i>	-2.5			-2.5		
EBITDA excl. non-recurring items	3,624	3,700	-2.1	14,689	14,718	-0.2
Margin (%)	28.4	28.3		30.1	29.1	
Operating income	1,347	-434		9,012	4,229	113.1
Operating income excl. non-recurring items	2,483	2,670	-7.0	10,433	10,429	0.0
CAPEX	2,733	1,368	99.8	5,811	4,496	29.2
Subscriptions, period-end (thousands)	20,497	20,537	-0.2	20,497	20,537	-0.2
Employees, period-end	6,347	6,720	-5.6	6,347	6,720	-5.6

Fourth quarter

Net sales in local currencies, excluding acquisitions and disposals, decreased 2.5 percent. In reported currency, net sales decreased 2.3 percent to SEK 12,783 million (13,080). The positive effect of exchange rate fluctuations was 0.2 percent. Reduced regulated mobile interconnect revenues impacted revenues by -3.5 percent compared to the corresponding period last year.

In Sweden, net sales decreased 5.4 percent to SEK 4,369 million (4,620), largely due to lower equipment sales and reduced regulated interconnect rates. Billed revenues declined marginally, largely explained by weaker performance in the B2B area. The new data centric pricing models, with flat rates for voice and messaging together with bucket priced data, were further amended in the quarter.

In Finland, net sales in local currency decreased 5.4 percent to the equivalent of SEK 1,967 million (2,020), mainly explained by lower equipment sales and reduced regulated interconnect rates. Pressure on billed revenues eased further and growth in the consumer segment turned positive. In total, 47,000 new subscriptions were added in the quarter.

In Norway, net sales in local currency decreased 1.4 percent to the equivalent of SEK 1,682 million (1,858). Billed revenue growth remained positive in the quarter, while reported sales growth continued to be impacted by lower contribution from interconnect and wholesale.

In Denmark, net sales in local currency decreased 9.4 percent to the equivalent of SEK 1,171 million (1,257). The decline in reported sales growth is explained by reduced regulated interconnect and lower equipment sales, while billed revenue growth remained positive.

Business area Mobility Services

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

In Estonia, Latvia and Lithuania, net sales in local currencies decreased 16.5 percent, 16.3 percent and 12.0 percent, respectively, to the equivalent of SEK 330 million (383), SEK 375 million (440) and SEK 300 million (332), respectively. In all three countries, reported revenue growth continued to be burdened by reduced interconnect revenues, but also pressure on billed revenues. In Lithuania and Latvia, sales growth was also negatively impacted by lower equipment sales.

In Spain, net sales in local currency increased 16.2 percent to the equivalent of SEK 2,602 million (2,178), mainly explained by strong equipment sales with a higher share of 4G enabled devices. Billed revenue growth slowed but remained positive and a total of 63,000 new subscriptions were added in the quarter.

The number of subscriptions remained unchanged from the end of the fourth quarter of 2012 at 20.5 million. Growth was strongest in Spain and Finland with an increase of 0.2 million and 0.1 million to 3.9 million and 3.3 million subscriptions, respectively. During the quarter the total number of subscriptions decreased by 0.2 million, due to a change in churn policy of pre-paid subscriptions in Lithuania with an impact of -0.3 million.

EBITDA, excluding non-recurring items, decreased 1.8 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 2.1 percent to SEK 3,624 million (3,700). The EBITDA margin was stable at 28.4 percent (28.3).

In Sweden, the EBITDA margin increased to 40.6 percent (39.7), mainly explained by improved gross margin. Scrapping of IT systems impacted EBITDA by SEK -15 million. In Finland, the EBITDA margin increased to 33.0 percent (26.2) due largely to stronger gross margin and reduced IT and personnel costs.

In Norway, the EBITDA margin increased slightly to 30.4 percent (30.2) mainly as a result of reduced costs. In Denmark, the EBITDA margin increased to 14.7 percent (13.9) predominantly explained by lower costs for IT and marketing.

The EBITDA margins in Estonia and Latvia increased to 25.2 percent (21.1) and to 33.9 percent (28.0), respectively, helped by stronger gross margins. In Lithuania, the EBITDA margin decreased to 18.0 percent (21.4), partly explained by higher marketing costs.

In Spain, the EBITDA margin decreased to 9.6 percent (14.9). EBITDA includes a net gain of SEK 179 million related to divestment of mobile towers. Profitability was negatively impacted by higher retention and subscriber acquisition costs. Handset subsidies increased due to a larger share of 4G enabled handsets and it was a higher gross intake in the quarter.

CAPEX increased to SEK 2,733 million (1,368) and the CAPEX-to-sales ratio to 21.4 percent (10.5). CAPEX, excluding licenses and spectrum fees, increased to SEK 1,771 million (1,341) and the CAPEX-to-sales ratio increased to 13.9 percent (10.3). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 891 million (2,332).

Full year

Net sales in local currencies, excluding acquisitions and disposals, decreased 2.5 percent. In reported currency, net sales decreased 3.5 percent to SEK 48,873 million (50,637). The negative effect of exchange rate fluctuations was 1.0 percent.

EBITDA, excluding non-recurring items, increased 0.7 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 0.2 percent to SEK 14,689 million (14,718). The EBITDA margin increased to 30.1 percent (29.1).

CAPEX increased to SEK 5,811 million (4,496) and the CAPEX-to-sales ratio to 11.9 percent (8.9). CAPEX, excluding licenses and spectrum fees, increased to SEK 4,842 million (4,397) and the CAPEX-to-sales ratio increased to 9.9 percent (8.7). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 8,878 million (10,222).

Net sales, EBITDA and margin by country

SEK in millions, except margins and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	12,783	13,080	-2.3	48,873	50,637	-3.5
of which Sweden	4,369	4,620	-5.4	16,853	17,297	-2.6
of which Finland	1,967	2,020	-2.6	7,523	8,173	-8.0
of which Norway	1,682	1,858	-9.5	6,797	7,582	-10.4
of which Denmark	1,171	1,257	-6.8	4,350	4,835	-10.0
of which Lithuania	300	332	-9.6	1,158	1,277	-9.3
of which Latvia	375	440	-14.8	1,492	1,608	-7.2
of which Estonia	330	383	-13.8	1,284	1,515	-15.2
of which Spain	2,602	2,178	19.5	9,467	8,382	12.9
EBITDA excl. non-recurring items	3,624	3,700	-2.1	14,689	14,718	-0.2
of which Sweden	1,773	1,834	-3.3	7,458	7,382	1.0
of which Finland	650	530	22.6	2,637	2,446	7.8
of which Norway	511	561	-8.9	2,148	2,414	-11.0
of which Denmark	172	175	-1.7	639	549	16.4
of which Lithuania	54	71	-23.9	280	339	-17.4
of which Latvia	127	123	3.3	449	543	-17.3
of which Estonia	83	81	2.5	388	417	-7.0
of which Spain	251	324	-22.5	690	627	10.0
Margin (%), total	28.4	28.3		30.1	29.1	
Margin (%), Sweden	40.6	39.7		44.3	42.7	
Margin (%), Finland	33.0	26.2		35.1	29.9	
Margin (%), Norway	30.4	30.2		31.6	31.8	
Margin (%), Denmark	14.7	13.9		14.7	11.4	
Margin (%), Lithuania	18.0	21.4		24.2	26.5	
Margin (%), Latvia	33.9	28.0		30.1	33.8	
Margin (%), Estonia	25.2	21.1		30.2	27.5	
Margin (%), Spain	9.6	14.9		7.3	7.5	

Net sales in local currencies and excluding acquisitions	Oct-Dec	Jan-Dec
Change (%), total	-2.5	-2.5
Change (%), Sweden	-5.4	-2.6
Change (%), Finland	-5.4	-7.4
Change (%), Norway	-1.4	-5.9
Change (%), Denmark	-9.4	-9.2
Change (%), Lithuania	-12.0	-8.8
Change (%), Latvia	-16.3	-6.2
Change (%), Estonia	-16.5	-14.8
Change (%), Spain	16.2	13.6

Solid demand for fiber in Broadband Services

- In the fourth quarter, revenue growth continued to be affected by a decline in traditional fixed line services combined with price pressure in the B2B segment. Growth in the consumer segment was positive, helped by strong demand for fiber services and some price adjustments.
- In December 2013, TeliaSonera strengthened its position in the Swedish fiber market through the acquisitions of the communication operator Zitius, as well as Quadracom Networks and the service provider Riksnet. The transactions are subject to regulatory approval.
- The EBITDA margin declined by 1.6 percentage points compared to the corresponding period last year, mainly explained by extra maintenance costs related to four major storms in Sweden.

Financial highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	8,690	9,039	-3.9	33,510	35,723	-6.2
<i>Chg % local FX ex acquisitions and disposals</i>	<i>-1.7</i>			<i>-3.2</i>		
EBITDA excl. non-recurring items	2,300	2,540	-9.4	9,778	11,004	-11.1
Margin (%)	26.5	28.1		29.2	30.8	
Operating income	590	-547		4,023	4,054	-0.8
Operating income excl. non-recurring items	1,098	1,354	-18.9	4,970	6,242	-20.4
CAPEX	1,642	1,640	0.1	4,755	5,445	-12.7
Subscriptions, period-end (thousands)						
Broadband	2,474	2,532	-2.3	2,474	2,532	-2.3
Fixed voice and VoIP	3,918	4,269	-8.2	3,918	4,269	-8.2
TV	1,429	1,332	7.3	1,429	1,332	7.3
Employees, period-end	12,263	13,571	-9.6	12,263	13,571	-9.6

Fourth quarter

Net sales in local currencies, excluding acquisitions and disposals, decreased 1.7 percent. Net sales in reported currency decreased 3.9 percent to SEK 8,690 million (9,039). The positive effect of exchange rates was 0.8 percent and the negative impact from acquisitions and disposals was 3.0 percent.

In Sweden, net sales decreased 3.6 percent to SEK 4,918 million (5,102) as a result of continued decline in fixed telephony and challenging conditions in the B2B segment. In the consumer segment, demand for our fiber services remained strong.

In Finland, net sales in local currency decreased 5.5 percent to the equivalent of SEK 1,348 million (1,385), mainly related to a decline in traditional fixed telephony and price pressure in the B2B segment.

In Denmark, net sales in local currency decreased 2.2 percent to the equivalent of SEK 269 million (267).

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, Denmark, Lithuania, Latvia (49 percent), Estonia and international carrier operations.

In Estonia, net sales in local currency decreased 6.2 percent to the equivalent of SEK 435 million (451). In Lithuania, net sales in local currency decreased 5.7 percent to the equivalent of SEK 458 million (474). Both operations continued to be impacted by pressure on traditional fixed voice services.

In International Carrier, net sales in local currencies increased 13.1 percent to the equivalent of SEK 1,532 million (1,358) mainly related to an increase in fixed voice volumes.

The number of subscriptions for broadband access decreased to 2.5 million, a decline by 30,000 from the fourth quarter of 2012, explained by the divestiture of NextGenTel in Norway with 184,000 subscriptions. During the quarter the number of subscriptions increased by 40,000.

The total number of TV subscriptions increased by 97,000 from the end of the fourth quarter of 2012 and increased by 31,000 during the quarter to 1.4 million.

The number of traditional fixed voice subscriptions decreased by 368,000 from the end of the fourth quarter of 2012 to 2.7 million, and were down by 87,000 in the quarter. The intake of VoIP subscriptions was 24,000 in the quarter, bringing the total number of VoIP subscriptions to 0.8 million.

EBITDA, excluding non-recurring items, decreased 8.3 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 9.4 percent to SEK 2,300 million (2,540). The EBITDA margin decreased to 26.5 percent (28.1).

In Sweden, the EBITDA margin decreased to 32.8 percent (35.8), mainly explained by extra maintenance costs of SEK 143 million related to four major storms.

In Finland, the EBITDA margin increased to 20.5 percent (18.5), helped by gains from overall efficiency measures. In Denmark, the EBITDA margin fell to 9.7 percent (11.2).

In Lithuania, the EBITDA margin increased to 38.2 percent (37.3) and in Estonia the EBITDA margin increased to 26.4 percent (24.6).

In International Carrier, the EBITDA margin decreased to 6.1 percent (6.6), due to a higher share of voice revenues.

CAPEX was stable at SEK 1,642 million (1,640) and the CAPEX-to-sales ratio increased to 18.9 percent (18.1). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 658 million (900).

Full year

Net sales in local currencies, excluding acquisitions and disposals, decreased 3.2 percent. In reported currency, net sales decreased 6.2 percent to SEK 33,510 million (35,723). The negative effect of exchange rate fluctuations was 0.4 percent and the negative impact from acquisitions and disposals was 2.6 percent.

EBITDA, excluding non-recurring items, decreased 9.7 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 11.1 percent to SEK 9,778 million (11,004). The EBITDA margin decreased to 29.2 percent (30.8).

CAPEX decreased to SEK 4,755 million (5,445) and the CAPEX-to-sales ratio to 14.2 percent (15.2). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 5,023 million (5,559).

Net sales, EBITDA and margin by country

SEK in millions, except margins and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	8,690	9,039	-3.9	33,510	35,723	-6.2
of which Sweden	4,918	5,102	-3.6	19,120	20,043	-4.6
of which Finland	1,348	1,385	-2.7	5,232	5,584	-6.3
of which Norway	2	279	–	89	1,083	–
of which Denmark	269	267	0.7	1,009	1,092	-7.6
of which Lithuania	458	474	-3.4	1,805	1,915	-5.7
of which Estonia	435	451	-3.5	1,692	1,761	-3.9
of which International Carrier	1,532	1,358	12.8	5,584	5,388	3.6
EBITDA excl. non-recurring items	2,300	2,540	-9.4	9,778	11,004	-11.1
of which Sweden	1,613	1,829	-11.8	6,916	7,747	-10.7
of which Finland	277	256	8.2	1,198	1,351	-11.3
of which Norway	0	48	–	-4	184	–
of which Denmark	26	30	-13.3	92	125	-26.4
of which Lithuania	175	177	-1.1	747	774	-3.5
of which Estonia	115	111	3.6	461	463	-0.4
of which International Carrier	94	89	5.6	368	361	1.9
Margin (%), total	26.5	28.1		29.2	30.8	
Margin (%), Sweden	32.8	35.8		36.2	38.7	
Margin (%), Finland	20.5	18.5		22.9	24.2	
Margin (%), Norway	0.0	17.2		-4.5	17.0	
Margin (%), Denmark	9.7	11.2		9.1	11.4	
Margin (%), Lithuania	38.2	37.3		41.4	40.4	
Margin (%), Estonia	26.4	24.6		27.2	26.3	
Margin (%), International Carrier	6.1	6.6		6.6	6.7	

Net sales in local currencies and excluding acquisitions	Oct-Dec	Jan-Dec
Change (%), total	-1.7	-3.2
Change (%), Sweden	-3.6	-4.7
Change (%), Finland	-5.5	-5.8
Change (%), Norway	–	-16.0
Change (%), Denmark	-2.2	-6.9
Change (%), Lithuania	-5.7	-5.2
Change (%), Estonia	-6.2	-3.4
Change (%), International Carrier	13.1	5.2

Continued growth and improved margins in Eurasia

- In the fourth quarter, local organic revenue growth was 7.7 percent, supported by continued strong data growth. Data revenues now correspond to a share of over 13 percent of revenues.
- The EBITDA margin continued to improve and reached 52.9 percent, backed by successfully implemented efficiency measures in most markets.

Financial highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	5,241	5,223	0.3	20,414	19,731	3.5
<i>Chg % local FX ex acquisitions and disposals</i>	<i>7.7</i>			<i>11.5</i>		
EBITDA excl. non-recurring items	2,774	2,652	4.6	10,796	9,976	8.2
Margin (%)	52.9	50.8		52.9	50.6	
Income from associated companies	1,696	7,252	-76.6	5,926	13,815	-57.1
of which Russia	890	6,579	-86.5	3,128	11,542	-72.9
of which Turkey	800	673	18.9	2,779	2,280	21.9
Operating income	3,222	8,952	-64.0	12,510	20,629	-39.4
Operating income excl. non-recurring items	3,791	3,718	2.0	13,714	12,340	11.1
CAPEX	1,268	1,484	-14.6	4,712	4,739	-0.6
Subscriptions, period-end (thousands)						
Subsidiaries	44,177	42,535	3.9	44,177	42,535	3.9
Associated companies	115,500	110,700	4.3	115,500	110,700	4.3
Employees, period-end	4,904	4,980	-1.5	4,904	4,980	-1.5

Consolidated operations

Fourth quarter

Net sales in local currencies, excluding acquisitions and disposals, increased 7.7 percent. Net sales in reported currency increased 0.3 percent to SEK 5,241 million (5,223). The negative effect from exchange rate fluctuations was 7.6 percent and the positive impact from acquisitions and disposals was 0.2 percent.

In Kazakhstan, net sales in local currency increased 1.3 percent to the equivalent of SEK 2,111 million (2,159). Price erosion for voice services remained intense, but data revenue growth remained strong and currently represents more than 15 percent of overall revenue.

In Azerbaijan, net sales in local currency decreased 0.6 percent to the equivalent of SEK 958 million (984), mainly due to lower interconnect rates.

In Uzbekistan, net sales in local currency increased 25.5 percent to the equivalent of SEK 821 million (749). The overall growth slowed somewhat, due to tougher comparable numbers as one competitor left the market in mid-2012.

In Tajikistan, net sales in local currency increased 1.6 percent to the equivalent of SEK 234 million (244). Growth was negatively affected by increased price competition on international traffic.

Business area

Eurasia comprises mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The business area also includes TeliaSonera's shareholding in Russian MegaFon (25 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.

In Georgia, net sales in local currency decreased 4.1 percent to the equivalent of SEK 227 million (247), impacted by an earlier lost government tender.

In Moldova, net sales in local currency decreased 0.2 percent to the equivalent of SEK 129 million (140).

In Nepal, net sales in local currency increased 25.5 percent to the equivalent of SEK 767 million (716). Growth is supported by a larger number of subscriptions and sequentially stable ARPU.

The number of subscriptions in the consolidated operations was 44.2 million, an increase by 1.6 million, from the end of the fourth quarter of 2012. Growth was strongest in Nepal and Kazakhstan with a rise of 1.8 million and 0.8 million to 10.9 million and 14.3 million subscriptions, respectively. During the fourth quarter, the total number of subscriptions in the consolidated operations increased by 39,000. Nepal and Kazakhstan showed the largest rises with an increase of 107,000 and 56,000 subscriptions, respectively.

EBITDA, excluding non-recurring items, increased 13.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 4.6 percent to SEK 2,774 million (2,652). The EBITDA margin increased to 52.9 percent (50.8).

In Kazakhstan, the EBITDA margin increased to 57.1 percent (53.6), supported by a higher gross margin and lower operating expenses. In Azerbaijan, the EBITDA margin improved to 52.6 percent (49.2), as reduced interconnect revenues were offset by implemented efficiency measures.

In Uzbekistan, the EBITDA margin increased to 49.1 percent (43.0), due to improved gross margin and a larger share of active subscriptions. EBITDA was negatively affected by SEK 52 million related to scrapping of IT systems. In Tajikistan, the EBITDA margin decreased to 49.1 percent (50.8), due to heavy price pressure on international traffic.

In Georgia, the EBITDA margin fell to 37.9 percent (39.7), negatively influenced by reduced revenues due to a lower customer base. In Moldova, the EBITDA margin decreased to 35.7 percent (37.9), as a result of higher interconnect costs due to increased share of off-net traffic.

In Nepal, the EBITDA margin decreased to 59.8 percent (62.8).

CAPEX decreased to SEK 1,268 million (1,484) and the CAPEX-to-sales ratio to 24.2 percent (28.4). CAPEX, excluding licenses and spectrum fees, decreased to SEK 1,199 million (1,387) and the CAPEX-to-sales ratio decreased to 22.9 percent (26.6). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 1,506 million (1,168).

Full year

Net sales in local currencies, excluding acquisitions and disposals, increased 11.5 percent. In reported currency, net sales increased 3.5 percent to SEK 20,414 million (19,731). The negative effect from exchange rate fluctuations was 8.4 percent and the positive impact from acquisitions and disposals was 0.4 percent.

EBITDA, excluding non-recurring items, increased 17.0 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 8.2 percent to SEK 10,796 million (9,976). The EBITDA margin increased to 52.9 percent (50.6).

CAPEX decreased slightly to SEK 4,712 million (4,739) and the CAPEX-to-sales ratio to 23.1 percent (24.0). CAPEX, excluding licenses and spectrum fees, decreased to SEK 3,914 million (4,486) and the CAPEX-to-sales ratio decreased to 19.2 percent (22.7). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 6,084 million (5,237).

Net sales, EBITDA and margin by country

SEK in millions, except margins and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	5,241	5,223	0.3	20,414	19,731	3.5
of which Kazakhstan	2,111	2,159	-2.2	8,111	8,256	-1.8
of which Azerbaijan	958	984	-2.6	3,824	3,934	-2.8
of which Uzbekistan	821	749	9.6	3,118	2,369	31.6
of which Tajikistan	234	244	-4.1	932	927	0.5
of which Georgia	227	247	-8.1	915	1,011	-9.5
of which Moldova	129	140	-7.9	512	536	-4.5
of which Nepal	767	716	7.1	3,023	2,716	11.3
EBITDA excl. non-recurring items	2,774	2,652	4.6	10,796	9,976	8.2
of which Kazakhstan	1,206	1,158	4.1	4,481	4,602	-2.6
of which Azerbaijan	504	484	4.1	1,912	1,964	-2.6
of which Uzbekistan	403	322	25.2	1,680	904	85.8
of which Tajikistan	115	124	-7.3	472	470	0.4
of which Georgia	86	98	-12.2	385	397	-3.0
of which Moldova	46	53	-13.2	185	193	-4.1
of which Nepal	459	450	2.0	1,803	1,614	11.7
Margin (%), total	52.9	50.8		52.9	50.6	
Margin (%), Kazakhstan	57.1	53.6		55.2	55.7	
Margin (%), Azerbaijan	52.6	49.2		50.0	49.9	
Margin (%), Uzbekistan	49.1	43.0		53.9	38.2	
Margin (%), Tajikistan	49.1	50.8		50.6	50.7	
Margin (%), Georgia	37.9	39.7		42.1	39.3	
Margin (%), Moldova	35.7	37.9		36.1	36.0	
Margin (%), Nepal	59.8	62.8		59.6	59.4	

Net sales in local currencies and excluding acquisitions	Oct-Dec	Jan-Dec
Change (%), total	7.7	11.5
Change (%), Kazakhstan	1.3	3.1
Change (%), Azerbaijan	-0.6	1.0
Change (%), Uzbekistan	25.5	51.2
Change (%), Tajikistan	1.6	5.8
Change (%), Georgia	-4.1	-5.3
Change (%), Moldova	-0.2	3.3
Change (%), Nepal	25.5	27.0

Associated companies – Russia

Fourth quarter

MegaFon (associated company, in which TeliaSonera holds 25.2 percent and consolidates 27.2 percent, reported with one-quarter lag) in Russia reported a subscription base of 68.3 million, an increase of 3.5 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 890 million (6,578). Income excluding non-recurring items decreased to SEK 856 million (1,201).

Full year

TeliaSonera's income from Russia decreased to SEK 3,128 million (11,542). The Russian ruble depreciated 4.1 percent against the Swedish krona which had a negative impact of SEK 36 million. Income excluding non-recurring items decreased to SEK 3,093 million (3,151).

Associated companies – Turkey

Fourth quarter

Turkcell (associated company, in which TeliaSonera holds 38.0 percent, reported with one-quarter lag) in Turkey reported a subscription base of 35.0 million, a decrease of 0.2 million compared to the corresponding period last year and an increase by 0.3 million compared to the previous quarter. In Ukraine, the number of subscriptions increased by 1.5 million to 12.2 million compared to the corresponding period last year and by 0.7 million during the quarter.

TeliaSonera's income from Turkey increased to SEK 800 million (673).

Full year

TeliaSonera's income from Turkey increased to SEK 2,779 million (2,280). The Turkish lira depreciated 7.8 percent against the Swedish krona, which had a negative impact of SEK 173 million.

Other operations

Financial highlights

SEK in millions, except changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Net sales	966	1,053	-8.3	3,556	3,799	-6.4
EBITDA excl. non-recurring items	30	142	-78.9	321	483	-33.5
Income from associated companies	-2	-15	-86.7	-1	-50	-98.0
Operating income	-599	-113		-1,083	-503	115.3
Operating income excl. non-recurring items	-271	-74		-583	-319	82.8
CAPEX	403	321	25.5	1,054	1,014	3.9

Net sales in local currencies, excluding acquisitions and disposals, decreased 8.8 percent. In reported currency, net sales decreased 8.3 percent to SEK 966 million (1,053).

EBITDA, excluding non-recurring items, fell 78.9 percent to SEK 30 million (142) in reported currency.

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.

Stockholm, January 30, 2014

Johan Dannelind
President and CEO

Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	Oct-Dec 2013	Oct-Dec 2012 ¹⁾	Chg (%)	Jan-Dec 2013	Jan-Dec 2012 ¹⁾	Chg (%)
Net sales	26,503	27,069	-2.1	101,700	104,898	-3.0
Cost of sales	-16,108	-15,454	4.2	-57,883	-58,350	-0.8
Gross profit	10,395	11,615	-10.5	43,817	46,548	-5.9
Selling, admin. and R&D expenses	-6,034	-6,028	0.1	-22,631	-24,037	-5.8
Other operating income and expenses, net	-1,525	-5,004	-69.5	-2,745	-7,979	-65.6
Income from associated companies and joint ventures	1,724	7,243	-76.2	6,021	13,868	-56.6
Operating income	4,560	7,826	-41.7	24,462	28,400	-13.9
Finance costs and other financial items, net	-739	-803	-8.0	-3,094	-3,918	-21.0
Income after financial items	3,821	7,023	-45.6	21,368	24,482	-12.7
Income taxes	-1,126	145		-4,601	-3,314	38.8
Net income	2,695	7,168	-62.4	16,767	21,168	-20.8
Items that may be reclassified to net income:						
Foreign currency translation differences	899	1,122		-3,809	-2,432	
Income from associate companies and joint ventures	-33	62		-153	-260	
Cash flow hedges	-68	-38		334	28	
Available-for-sale financial instruments	-3	-1		-2	24	
Income tax relating to items that will be reclassified	320	361		367	-439	
Items that will not be reclassified to net income:						
Remeasurements of defined benefit pension plans	1,350	73		4,402	-1,635	
Income tax relating to items that will not be reclassified	-280	-89		-966	361	
Associates' remeasurements of defined benefit pension plans				-9		
Other comprehensive income	2,185	1,490		164	-4,353	
Total comprehensive income	4,880	8,658		16,931	16,815	
Net income attributable to:						
Owners of the parent	2,190	6,880		14,970	19,886	
Non-controlling interests	505	288		1,797	1,282	
Total comprehensive income attributable to:						
Owners of the parent	4,310	8,468		15,260	15,797	
Non-controlling interests	570	190		1,671	1,018	
Earnings per share (SEK), basic and diluted	0.51	1.59		3.46	4.59	
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	8,309	8,280	0.4	33,656	35,074	-4.0
EBITDA excl. non-recurring items	8,728	9,002	-3.0	35,584	36,171	-1.6
Depreciation, amortization and impairment losses	-5,473	-7,697	-28.9	-15,215	-20,542	-25.9
Operating income excl. non-recurring items	7,100	7,636	-7.0	28,534	28,682	-0.5

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

Condensed Consolidated Statements of Financial Position

SEK in millions	Dec 31, 2013	Dec 31, 2012 ¹⁾
Assets		
Goodwill and other intangible assets	81,522	83,278
Property, plant and equipment	64,792	62,657
Investments in associates and joint ventures, deferred tax assets and other non-current assets	38,073	38,858
Long-term interest-bearing receivables	9,479	10,880
<i>Total non-current assets</i>	<i>193,866</i>	<i>195,673</i>
Inventories	1,582	1,623
Trade receivables, current tax assets and other receivables	19,346	22,298
Short-term interest-bearing receivables	6,313	3,647
Cash and cash equivalents	31,721	29,805
<i>Total current assets</i>	<i>58,962</i>	<i>57,373</i>
Total assets	252,828	253,046
Equity and liabilities		
Equity attributable to owners of the parent	108,324	105,150
Equity attributable to non-controlling interests	4,610	3,956
<i>Total equity</i>	<i>112,934</i>	<i>109,106</i>
Long-term borrowings	80,089	82,184
Deferred tax liabilities, other long-term provisions	21,781	25,035
Other long-term liabilities	1,356	1,190
<i>Total non-current liabilities</i>	<i>103,226</i>	<i>108,409</i>
Short-term borrowings	10,634	9,403
Trade payables, current tax liabilities, short-term provisions and other current liabilities	26,034	26,128
<i>Total current liabilities</i>	<i>36,668</i>	<i>35,531</i>
Total equity and liabilities	252,828	253,046

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

Condensed Consolidated Statements of Cash Flows

SEK in millions	Oct-Dec 2013	Oct-Dec 2012 ¹⁾	Jan-Dec 2013 ³⁾	Jan-Dec 2012 ¹⁾²⁾
Cash flow before change in working capital	6,506	6,819	30,306	39,952
Change in working capital	863	864	730	-1,073
Cash flow from operating activities	7,369	7,683	31,036	38,879
Cash CAPEX	-5,243	-4,749	-14,726	-15,139
Free cash flow	2,126	2,934	16,310	23,740
Cash flow from other investing activities	168	8,061	361	8,780
Total cash flow from investing activities	-5,075	3,312	-14,365	-6,359
Cash flow before financing activities	2,294	10,995	16,671	32,520
Cash flow from financing activities	2,048	7,463	-15,013	-15,231
Cash flow for the period	4,342	18,458	1,658	17,289
Cash and cash equivalents, opening balance	27,211	11,289	29,805	12,631
Cash flow for the period	4,342	18,458	1,658	17,289
Exchange rate differences	168	58	258	-115
Cash and cash equivalents, closing balance	31,721	29,805	31,721	29,805

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

2) Including dividends from MegaFon net of taxes of SEK 11,726 million.

3) Including dividends from MegaFon net of taxes of SEK 1,940 million.

Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Dec 2013			Jan-Dec 2012		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
Opening balance	105,150	3,956	109,106	115,589	7,353	122,942
Effect of change in accounting principle ¹⁾	–	–	–	-3,016	–	-3,016
Adjustment of opening balance related to Turkcell (inflation accounting in Belarus)	–	–	–	110	–	110
Dividends	-12,340	-1,017	-13,357	-12,341	-3,127	-15,468
Business combinations	–	–	–	–	-9	-9
Repurchased treasury shares	-4	–	-4	–	–	–
Acquisition of non-controlling interest	–	–	–	-10,724	-1,970	-12,694
Disposal of non-controlling interest	–	–	–	2,639	748	3,387
Other transactions with owners	–	–	–	–	-57	-57
Total comprehensive income	15,260	1,671	16,931	15,797	1,018	16,815
Share-based payments	18	–	18	16	–	16
Effect of equity transactions in associates	240	–	240	-2,920	–	-2,920
Closing balance	108,324	4,610	112,934	105,150	3,956	109,106

1) See reference below.

Basis of Preparation

General

As in the annual accounts for 2012, TeliaSonera's consolidated financial statements as of and for the year ended December 31, 2013, 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.

New accounting standards (not yet adopted by the EU)

IASB has published amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" applicable for annual periods beginning on or after July 1, 2014. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments explain that the methods permitted for attributing contributions from employees or third parties will differ depending on if the contributions are dependent on the number of years of the employee's service or not. TeliaSonera is presently analyzing the effects of the amendments if any.

IASB has also published IFRS 9 Financial Instruments: Hedge Accounting and amendments to IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and Measurement. Summary of key changes:

The new model in IFRS 9 more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The change in accounting would mean that gains, caused by a worsening in an entity's own credit risk on liabilities recognized at fair value, are no longer recognized

in profit or loss but in other comprehensive income (OCI). The amendments will facilitate earlier application (of this accounting principle without full IFRS 9 application) and will allow an entity to continue to measure its financial instruments in accordance with IAS 39 but to choose to recognize changes in own credit in OCI.

IASB has removed the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements and decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion. TeliaSonera is presently analyzing the effects of the amendments of IAS 39 and IFRS 7. TeliaSonera will consider IFRS 9's full impact when the standard is completed by the Board.

Changes in accounting policies 2013

For information, see corresponding section in TeliaSonera's Interim Report January-March 2013.

Non-recurring Items

SEK in millions	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Within EBITDA	-419	-723	-1,928	-1,097
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-88	-191	-373	-228
Broadband Services	-67	-350	-486	-633
Eurasia	-102	-143	-349	-287
Other operations	-160	-39	-331	-147
<i>of which TeliaSonera Holding</i>	-9	11	-3	-48
Capital gains/losses	-2	0	-389	198
Within Depreciation, amortization and impairment losses	-2,156	-4,466	-2,179	-7,565
Impairment losses, accelerated depreciation:				
Mobility Services	-1,048	-2,914	-1,048	-5,984
Broadband Services	-439	-1,551	-462	-1,555
Eurasia	-500	-	-500	-
Other operations	-169	-1	-169	-26
Within Income from associated companies and joint ventures	35	5,378	35	8,380
Capital gains/losses	35	5,378	35	8,380
Total	-2,540	189	-4,072	-282

Deferred Taxes

SEK in millions	Dec 31, 2013	Dec 31, 2012 ¹⁾
Deferred tax assets	5,493	7,410
Deferred tax liabilities	-10,063	-10,287
Net deferred tax liabilities (-)/assets (+)	-4,570	-2,877

1) Certain restatements have been made, see reference above.

Segment and Group Operating Income

SEK in millions	Oct-Dec 2013	Oct-Dec 2012 ¹⁾	Jan-Dec 2013	Jan-Dec 2012 ¹⁾
Mobility Services	1,347	-434	9,012	4,229
Broadband Services	590	-547	4,023	4,054
Eurasia	3,222	8,952	12,510	20,629
Other operations	-599	-113	-1,083	-503
Total segments	4,560	7,858	24,462	28,409
Elimination of inter-segment profits	0	-32	0	-9
Group	4,560	7,826	24,462	28,400

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

Investments

SEK in millions	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
CAPEX	6,047	4,813	16,332	15,685
Intangible assets	1,670	614	3,322	2,174
Property, plant and equipment	4,377	4,199	13,010	13,511
Acquisitions and other investments	255	384	1,461	1,905
Asset retirement obligations	167	361	220	651
Goodwill and fair value adjustments	52	0	1,038	1,206
Equity holdings	36	23	203	48
Total	6,302	5,197	17,793	17,590

Goodwill and Other Asset Impairment Charges in the Fourth Quarter

In the 2013 annual impairment tests, the recoverable amounts for Mobility Services Denmark, Broadband Services Denmark and Mobility Services Lithuania fell short of the carrying values and hence, related goodwill was impaired. Accordingly, under IAS 36, goodwill impairment charges of SEK 756 million, SEK 143 million and SEK 269 million, respectively, were recognized in the fourth quarter and classified as non-recurring items. The Danish goodwill impairment losses were based on higher weighted average cost of capital (WACC). In addition, for the mobile operations in both countries long-term assumptions for the CAPEX-to-sales ratio were revised upwards. For Lithuania, the impairment test was also impacted by a decrease of the total value of the Lithuanian mobile market due to stiff competition and price pressure. The uncertainty regarding recoverable values for the Danish operations was disclosed in TeliaSonera's Annual Report 2012.

Further, an intangible asset impairment charge totaling SEK 500 million related to the Kazakh operations acquired in January 2013 was recognized in the fourth quarter and classified as a non-recurring item. The charge is related to frequency permits in the Wi-max operation in Kazakhstan and is based on the view that it will take longer than expected to achieve full use of the acquired frequencies due to the current lack of a 4G license.

Financial Instruments – Fair Values

Long-term and Short-term Borrowings ¹⁾ SEK in millions	Dec 31, 2013		Dec 31, 2012	
	Carrying value	Fair value	Carrying value	Fair value ²⁾
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	19,289	20,225	17,600	18,016
Interest rate swaps at fair value	254	254	340	340
Cross currency interest rate swaps at fair value	1,630	1,630	1,956	1,956
Subtotal	21,173	22,109	19,896	20,312
Open-market financing program borrowings	57,026	60,698	59,915	67,234
Other borrowings at amortized cost	1,834	1,834	2,311	2,311
Subtotal	80,033	84,641	82,122	89,857
Finance lease agreements	56	56	62	62
Total long-term borrowings	80,089	84,697	82,184	89,919
Short term borrowings				
Open-market financing program borrowings in fair value hedge relationships	2,735	2,818	401	413
Interest rate swaps designated as hedging instruments	31	31	29	29
Interest rate swaps held for trading	–	–	42	42
Cross currency interest rate swaps held for trading	17	17	343	343
Subtotal	2,783	2,866	815	827
Utilized bank overdraft and short-term credit facilities at amortized cost	811	811	423	423
Open-market financing program borrowings	5,954	5,995	5,204	5,280
Other borrowings at amortized cost	1,084	1,084	2,958	2,909
Subtotal	10,632	10,756	9,400	9,439
Finance lease agreements	3	3	3	3
Total short-term borrowings	10,635	10,759	9,403	9,442

1) For financial assets, fair values equal carrying values. For information on fair value estimation, see TeliaSonera's Annual Report 2012, Note C3 to the consolidated financial statements.

2) Restated for comparability

Financial Assets and Liabilities by Fair Value Hierarchy Level ¹⁾ SEK in millions	Dec 31, 2013				Dec 31, 2012			
	Carrying value	of which			Carrying value	of which		
	value	Level 1	Level 2	Level 3	value	Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments available-for-sale	190	–	–	190	189	–	–	189
Equity instruments held-for-trading	70	–	–	70	69	–	–	69
Bonds available-for-sale	162	160	–	2	4	–	–	4
Derivatives designated as hedging instruments	1,533	–	1,533	–	1,790	–	1,790	–
Derivatives held-for-trading	1,374	–	1,374	–	570	–	569	–
Total financial assets at fair value by level	3,329	160	2,907	262	2,622	–	2,359	262
Financial liabilities at fair value								
Borrowings in fair value hedge relationships	22,025	–	22,025	–	18,001	–	18,001	–
Derivatives designated as hedging instruments	496	–	496	–	802	–	802	–
Derivatives held-for-trading	1,607	–	1,607	–	2,044	–	2,044	–
Total financial liabilities at fair value by level	24,128	–	24,128	–	20,847	–	20,847	–

1) For information on fair value hierarchy levels and fair value estimation, see TeliaSonera's Annual Report 2012, Note C3 to the consolidated financial statements.

Related Party Transactions

In the year ended December 31, 2013, TeliaSonera purchased services for SEK 137 million, and sold services for SEK 226 million. Related parties in these transactions were mainly MegaFon, Turkcell and Lattelecom.

Net Debt

SEK in millions	Dec 31, 2013	Dec 31, 2012
Long-term and short-term borrowings	90,723	91,586
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit collateral	-2,878	-2,175
Less short-term investments, cash and bank	-32,071	-29,968
Net debt	55,774	59,443

Loan Financing and Credit Rating

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

2013 ended on a positive note and credit markets have continued to offer favorable new issue conditions for issuers. Central bank stimulus continue to build abundant liquidity in financial markets and enforces yield hunting themes among investors which keep yields and credit spreads low.

TeliaSonera issued SEK 1,850 million in a rare 10 year SEK transaction in the beginning of November. The three tranche deal was in one fixed tranche with an annual coupon of 3.625 percent and two floating tranches with a spread of 100 basis points to 3 month Stibor.

Credit markets are expected to stay positive for 2014 fueled by central bank liquidity. For TeliaSonera the funding need for 2014 is expected to be limited. The opportunistic approach remains to take advantage of attractive funding opportunities when they appear.

Financial Key Ratios

	Dec 31, 2013	Dec 31, 2012 ¹⁾
Return on equity (% , rolling 12 months)	15.9	20.5
Return on capital employed (% , rolling 12 months)	13.9	14.9
Equity/assets ratio (%)	39.5	38.2
Net debt/equity ratio (%)	55.8	61.4
Net debt/EBITDA rate excl. non-recurring items (multiple, rolling 12 months)	1.57	1.64
Net debt/assets ratio	22.1	23.5
Owners' equity per share (SEK)	25.02	24.28

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

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 5,934 million, MegaFon shares held by TCI, representing 4.9 percent of the issued shares in MegaFon, are presently pledged to TeliaSonera. The proper payment of the receivable is guaranteed by certain companies within the AFT Group and the bank accounts where TCI will collect dividends on the pledged shares have also been pledged to TeliaSonera.

Guarantees and Collateral Pledged

As of December 31, 2013, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 315 million, of which SEK 284 million referred to guarantees for pension obligations. Collateral pledged totaled SEK 210 million.

Contractual Obligations and Commitments

As of December 31, 2013, contractual obligations totaled SEK 3,208 million, of which SEK 929 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden.

Business Combinations

For a minor business combination in the fourth quarter of 2013, the cost of combination totaled SEK 52 million and the net cash outflow SEK 52 million. Goodwill was SEK 0 million. The total cost of combination and fair values 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 adjustment.

Parent Company

Condensed Income Statements SEK in millions	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales	1	14	7	61
Operating income	-920	-338	-1,023	-436
Income after financial items	-3,368	-2,411	7,801	6,186
Income before taxes	-207	120	17,862	13,954
Net income	-206	89	16,860	12,327

For the full year period ended December 31, 2013, income before taxes improved from increased dividends which was offset by lower finance net.

Condensed Balance Sheets SEK in millions	Dec 31, 2013	Dec 31, 2012
Non-current assets	179,378	202,089
Current assets	64,302	63,876
Total assets	243,680	265,965
Shareholders' equity	86,661	81,871
Untaxed reserves	11,246	12,730
Provisions	571	539
Liabilities	145,202	170,825
Total equity and liabilities	243,680	265,965

Total investments in the period were SEK 1,090 million (21,723), of which SEK 1,052 million (20,695) referred to shareholder contributions to subsidiaries and associates.

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 5,934 million, MegaFon shares held by TCI, representing 4.9 percent of the issued shares in MegaFon, are presently pledged to the parent company. The proper payment of the receivable is guaranteed by certain companies within the AFT Group and the bank accounts where TCI will collect dividends on the pledged shares have also been pledged to the parent company.

Risks and Uncertainties

TeliaSonera operates in a broad range of 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, 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 2012 for a detailed description of some of the factors that may affect TeliaSonera's business, financial position and results of operations.

In addition, risks and uncertainties that could specifically impact the quarterly results of operations during 2014 include, but may not be limited to:

World economy changes. Changes in the global financial markets and the world economy are difficult to predict. TeliaSonera has a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a severe or long-term recession in the countries in which TeliaSonera operates would have an impact on its customers and may have a negative impact on its growth and results of operations through reduced telecom spending. The maturity schedule of TeliaSonera's loan portfolio is aimed to be evenly distributed over several years, and refinancing is expected to be made by using uncom-

mitted open-market debt financing programs and bank loans, alongside the company's free cash flow. In addition, TeliaSonera has committed lines of credit with banks that are deemed to be sufficient and may be utilized if the open-market refinancing conditions are poor. However, TeliaSonera's cost of funding might be higher, should there be changes in the global financial markets or the world economy.

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

Investments in future growth. TeliaSonera is currently investing in future growth through, for example, sales and marketing expenditures to retain and acquire customers in most markets, build-up of its customer base in start-up operations and investments in infrastructure in all markets to improve capacity and access. While TeliaSonera believes that these investments will improve market position and financial results in the long term, they may not have the targeted positive effects yet in the short term and related expenditures may impact the results of operations both in the long and short term.

Non-recurring items. In accordance with their nature, non-recurring items such as capital gains and losses, restructuring costs, impairment charges, etc., may impact the quarterly results in the short term with amounts or timing that deviate from those currently expected. Depending on external factors or internal developments, TeliaSonera might also experience non-recurring items that are not currently anticipated.

Emerging markets. TeliaSonera has made significant investments in telecom operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal, Russia and Turkey. Historically, the political, economic, legal and regulatory systems in these countries have been less predictable than in countries with more mature institutional structures. The future political situation in each of the emerging market countries may remain unpredictable, and markets in which TeliaSonera operates may become unstable. Other risks associated with operating in emerging market countries include foreign exchange restrictions, which could effectively prevent TeliaSonera from repatriating cash, e.g. by receiving dividends and repayment of loans, or from selling its investments. One example of this is TeliaSonera's business in Uzbekistan in which the group has a net exposure of approximately SEK 7 billion. Another risk is the potential establishment of foreign ownership restrictions or other potential actions against entities with foreign ownership, formally or informally. Weakening of the economies or currencies or other negative developments in these markets might have a significantly negative effect on TeliaSonera's results of operations.

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 restructur-

ing 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 shareholder 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 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 in the board work of Turkcell. TeliaSonera might not be able to assure that the associated companies apply the same corporate responsibility principles, increasing the risk for wrongdoings and reputational and financial losses. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.

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

Sustainability. TeliaSonera is subject to a number of sustainability related risks, including but not limited to, environment, network integrity, data security, corruption and human rights. 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 sustainability requirements may damage customer or other stakeholders' perception of TeliaSonera and negatively impact TeliaSonera's business operations and its brand.

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

Addressable cost base is defined as personnel costs, marketing costs and all other operating expenses other than purchases of goods and sub-contractor services as well as interconnect, roaming and other network-related costs. Addressable cost base does not include non-recurring items.

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

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

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

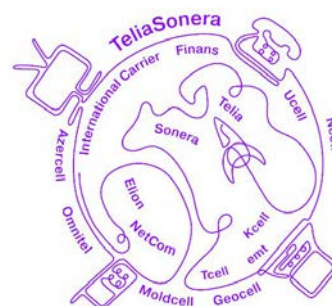
In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter of 2012, unless otherwise stated.

Financial calendar

Annual General Meeting 2014	April 2, 2014
Interim Report January–March 2014	April 23, 2014
Interim Report January–June 2014	July 17, 2014
Interim Report January–September 2014	October 17, 2014
Year-end Report January–December 2014	January 29, 2015

Questions regarding the reports

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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 January 30, 2014.