

Q4

TeliaSonera Year-end Report
January–December 2015

Further improvements in core markets

FOURTH QUARTER SUMMARY

- Region Eurasia is reported as discontinued operations.
- Net sales in local currencies, excluding acquisitions and disposals, increased 2.9 percent. In reported currency, net sales increased 5.9 percent to SEK 22,655 million (21,399). Service revenues in local currencies, excluding acquisitions and disposals, grew 1.1 percent.
- EBITDA, excluding non-recurring items, increased 9.0 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, grew 11.1 percent to SEK 6,556 million (5,902). The EBITDA margin, excluding non-recurring items, improved to 28.9 percent (27.6).
- Operating income, excluding non-recurring items, increased 2.8 percent to SEK 4,938 million (4,804).
- Total net income attributable to the owners of the parent decreased to SEK -3,010 million (2,938) and earnings per share to SEK -0.70 (0.68), mainly impacted by non-cash write-downs of SEK 7,200 million.

FULL YEAR SUMMARY

- Region Eurasia is reported as discontinued operations.
- Net sales in local currencies, excluding acquisitions and disposals, increased 2.4 percent. In reported currency, net sales increased 6.7 percent to SEK 86,569 million (81,131). Service revenues in local currencies, excluding acquisitions and disposals, declined 0.4 percent.
- Total net income attributable to the owners of the parent decreased to SEK 8,551 million (14,502) and earnings per share to SEK 1.97 (3.35), mainly impacted by non-cash write-downs of SEK 7,200 million.
- The Board of Directors proposes an ordinary dividend of SEK 3.00 per share (3.00).
- Future dividend policy is changed.

HIGHLIGHTS (REGION EURASIA REPORTED AS DISCONTINUED OPERATIONS)

SEK in millions, except key ratios, per share data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	22,655	21,399	5.9	86,569	81,131	6.7
<i>Change (%) local organic</i>	<i>2.9</i>			<i>2.4</i>		
of which service revenues (external)	18,521	17,738	4.4	72,905	69,980	4.2
<i>change (%) local organic</i>	<i>1.1</i>			<i>-0.4</i>		
EBITDA ¹ excl. non-recurring items ²	6,556	5,902	11.1	25,281	24,364	3.8
<i>Change (%) local organic</i>	<i>9.0</i>			<i>0.1</i>		
Margin (%)	28.9	27.6		29.2	30.0	
Operating income excl. non-rec. items	4,938	4,804	2.8	17,814	18,837	-5.4
Operating income	2,848	4,395	-35.2	14,606	17,743	-17.7
Income after financial items	2,033	3,910	-48.0	11,689	15,209	-23.1
Net income from continuing operations	1,420	2,926	-51.5	9,532	12,219	-22.0
Net income from discontinued operations ³	-4,047	-56		673	3,379	-80.1
Total net income	-2,627	2,870		10,205	15,599	-34.6
of which attrib. to owners of the parent	-3,010	2,938		8,551	14,502	-41.0
EPS total (SEK)	-0.70	0.68		1.97	3.35	-41.0
EPS from continuing operations (SEK)	0.32	0.67	-52.4	2.16	2.78	-22.3
Total Free cash flow	2,691	1,635	64.6	16,550	13,046	26.9
of which from continuing operations	1,834	472		12,520	8,141	53.8
CAPEX excl. license and spectrum fees	4,903	4,075	20.3	14,285	11,955	19.5

Additional information available at www.teliasonera.com. 1) Please refer to page 36 for definitions. 2) Non-recurring items; see table on page 22. 3) Discontinued operations, see pages 22 and 23.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the corresponding period of 2014, unless otherwise stated.

Comments by Johan Dannelind, President and CEO



"Thanks to great efforts from our employees during the year we are well on track to shape TeliaSonera for the future. A solid foundation is now in place and I am pleased that our core markets continued to improve in the fourth quarter at the same time as we started to execute our decision to reduce our presence in Eurasia. Due to the divestment process, region Eurasia is now reported as discontinued operations and results have also been impacted by non-cash write-downs.

In Sweden, consumer demand for high speed internet access remains strong. We continue to build out fiber and 4G at a high pace in line with our strategy to offer the best network connectivity. Performance in the fourth quarter shows that we are on the right track, where a 2.5 percent increase in service revenues combined with good cost control translated into double-digit EBITDA growth. The improvement was propelled by a record number of new fiber connections and our network now exceeds 1.3 million homes passed, boosting subscription intake and ARPU growth within both broadband and TV. Our mobile proposition was further strengthened when we recently introduced free roaming for our Swedish mobile customers in the Nordic and Baltic regions.

On a further positive note, profitability in Finland improved and mobile service revenue growth turned positive as a result of price adjustments and up sales activities. In Norway, we continued to strengthen our position and 4G population coverage passed 95 percent. Further, we are on track reaching the SEK 1 billion synergy target from Tele2 acquisition with full effect in 2016.

In December, we announced the divestment of our Nepalese operation to Axiata, three months after the announcement to refocus the group to the Nordic and Baltic region. The process to leave the other Eurasian markets continues. Meanwhile, we are operating these units within the governance structure set up to secure responsible operations and exit process. Operationally,

the competitive situation remains demanding in parts of the region and macro challenges have put pressure on currencies.

Based on our good cash flow in the year and the solid financial position, the board proposes a maintained dividend of SEK 3.00 per share for the fiscal year 2015, which is in line with our stated ambition.

In order to reflect the changing structure of the group, we have changed our future dividend policy and capital structure targets. The ambition is to distribute at least 80 percent of free cash flow based on continuing operations with an ambition to pay out a minimum of SEK 2 per share for the fiscal year 2016. We continue to aim for a solid credit rating of A- to BBB+ and a leverage corresponding to Net debt/EBITDA of 2x plus/minus 0.5x.

As previously stated, 2015 and 2016 are two years with heavy investments for TeliaSonera. We foresee continued high activity in 2016, due largely to an accelerated roll-out of fiber in Sweden. Further, we will step up our business transformation activities, mainly targeting our IT and product legacy, which is necessary to reduce costs and strengthen long-term competitiveness.

In 2016, the ambition is to maintain EBITDA on a comparable basis at the same level as in 2015 for the continuing operations and CAPEX excluding license and spectrum fees for the continuing operations is expected to be SEK 14-15 billion."

Stockholm, January 29, 2016

Johan Dannelind
President and CEO

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

Group outlook for 2016

The ambition is to maintain EBITDA from continuing operations, excluding non-recurring items, in local currencies, excluding acquisitions and disposals, at the same level as in 2015.

2016 is the peak year of the increased investments in fiber, mobile coverage and transformation. CAPEX for continuing operations, excluding license and spectrum fees, is expected to be SEK 14-15 billion. Currency fluctuations may impact the reported number in Swedish krona.

DIVIDEND POLICY, CHANGED

TeliaSonera intends to distribute a minimum of 80 percent of free cash flow based on the pro forma group structure excluding region Eurasia.

For the fiscal year 2016, to be paid in 2017, the ambition is to distribute a minimum of SEK 2 per share.

Dividend should be split into two equal tranches to be distributed in the second and fourth quarter, respectively.

The company shall continue to target a solid investment grade long-term credit rating (A- to BBB+).

The company targets a leverage corresponding to Net debt/EBITDA of 2x plus/minus 0.5x.

Review of the group, fourth quarter 2015

REGION EURASIA REPORTED AS DISCONTINUED OPERATIONS

SALES AND EARNINGS

Net sales in local currencies, excluding acquisitions and disposals, increased 2.9 percent. In reported currency, net sales increased 5.9 percent to SEK 22,655 million (21,399). The effect of exchange rate fluctuations was negative by 0.4 percent and the effect of acquisitions and disposals positive by 3.4 percent. Service revenues in local currencies, excluding acquisitions and disposals, grew 1.1 percent.

In region Sweden, net sales excluding acquisitions and disposals increased 2.3 percent. Net sales including acquisitions and disposals increased 2.4 percent to SEK 9,893 million (9,661).

In region Europe, net sales in local currencies, excluding acquisitions and disposals, increased 5.1 percent. In reported currency, net sales increased 10.4 percent to SEK 11,418 million (10,338).

The number of subscriptions in the subsidiaries increased by 0.5 million from the end of the fourth quarter 2014 to 27 million. During the quarter, the total number of subscriptions decreased by 353,000.

EBITDA, excluding non-recurring items, grew 9.0 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, grew 11.1 percent to SEK 6,556 million (5,902). The EBITDA margin, excluding non-recurring items, improved to 28.9 percent (27.6).

Income from associated companies and joint ventures, decreased to SEK 1,170 million (1,545), largely explained by currency effects.

Operating income, excluding non-recurring items, increased 2.8 percent to SEK 4,938 million (4,804).

Non-recurring items affecting operating income totaled SEK -2,089 million (-409), mainly due to a non-cash impairment charge of SEK 1,900 million related to the Danish operation as a result of updated earnings projections following the previously announced decision to withdraw from the proposed joint venture with Telenor in Denmark.

Financial items totaled SEK -816 million (-485) of which SEK -620 million (-593) related to net interest expenses.

Income taxes decreased to SEK -613 million (-983). The effective tax rate was 30.1 percent (25.1). The increase in effective tax rate is due to non-tax deductible goodwill impairment in Denmark.

Total net income was SEK -2,627 million (2,870), whereof SEK 1,420 million (2,926) from continuing operations and SEK -4,047 million (-56) from discontinued operations. Total earnings per share was SEK -0.70 (0.68). See pages 22 and 23 for further information regarding discontinued operations.

Total net income attributable to non-controlling interests was SEK 383 million (-68).

BALANCE SHEET ITEMS AND CASH FLOW

CAPEX increased to SEK 5,209 million (4,075) and the CAPEX-to-service revenue ratio increased to 28.1 percent (23.0). CAPEX excluding license and spectrum fees increased to SEK 4,903 million (4,075) and the CAPEX-to-service revenue ratio, excluding license and spectrum fees to 26.5 percent (23.0).

Free cash flow, continuing and discontinued operations increased to SEK 2,691 million (1,635), partly due to dividend from MegaFon of SEK 1,174 million net of taxes.

Net debt, continuing and discontinued operations was SEK 55,717 million at the end of the fourth quarter (61,455 at the end of the third quarter of 2015). The net debt/EBITDA ratio was 1.53 (1.70 at the end of the third quarter of 2015).

The equity/assets ratio, continuing and discontinued operations, was 35.1 percent (37.3 percent at the end of the third quarter of 2015).

Review of the group, full year 2015

REGION EURASIA REPORTED AS DISCONTINUED OPERATIONS

SALES AND EARNINGS

Net sales in local currencies, excluding acquisitions and disposals, increased 2.4 percent. In reported currency, net sales increased 6.7 percent to SEK 86,569 million (81,131). The effect of exchange rate fluctuations was positive by 1.1 percent and the effect of acquisitions and disposals was positive by 3.2 percent. Service revenues in local currencies, excluding acquisitions and disposals, declined 0.4 percent. See pages 22 and 23 for further information regarding discontinued operations.

EBITDA, excluding non-recurring items, was nearly unchanged in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 3.8 percent to SEK 25,281 million (24,364). The EBITDA margin, excluding non-recurring items, declined to 29.2 percent (30.0).

Income from associated companies and joint ventures, decreased to SEK 3,394 million (4,567), due largely to currency effects.

Operating income, excluding non-recurring items, decreased 5.4 percent to SEK 17,814 million (18,837).

Non-recurring items affecting operating income totaled SEK -3,208 million (-1,093), mainly due to a non-cash impairment charge of SEK 1,900 million related to the Danish operation as a result of updated earnings projections following the previously announced decision to withdraw from the proposed joint venture with Telenor in Denmark.

Financial items totaled SEK -2,917 million (-2,535) of which SEK -2,515 million (-2,548) related to net interest expenses.

Income taxes decreased to SEK -2,157 million (-2,989). The effective tax rate was 18.5 percent (19.7). The effective tax rate going forward is expected to be around 19 percent.

Total net income was SEK 10,205 million (15,599), whereof SEK 9,532 million (12,219) from continuing operations and SEK 673 million (3,379) from discontinued operations. Total earnings per share was SEK 1.97 (3.35).

Total net income attributable to non-controlling interests was SEK 1,654 million (1,097).

BALANCE SHEET ITEMS AND CASH FLOW

CAPEX increased to SEK 14,595 million (11,955) and the CAPEX-to-service revenue ratio to 20.0 percent (17.1). CAPEX excluding license and spectrum fees increased to SEK 14,289 million (11,955) and the CAPEX-to-service revenue ratio, excluding license and spectrum fees, to 19.6 percent (17.1).

Free cash flow continuing and discontinued operations increased to SEK 16,550 million (13,046) due largely to dividend from Turkcell of SEK 4,722 million net of taxes.

ACQUISITIONS AND DIVESTITURES

- On February 5, 2015, TeliaSonera announced that the Norwegian Competition Authority had approved TeliaSonera's acquisition of Tele2's Norwegian operations.
- On December 21, 2015, TeliaSonera announced that it had agreed to sell its 60.4 percent ownership in the Nepalese operator Ncell to Axiata, one of Asia's largest telecommunication groups, for USD 1,030 million on a cash and debt free basis. At the same time, TeliaSonera should dissolve its economic interests in the 20 percent local ownership and receive approximately USD 48 million. The transactions are conditional on each other. Ncell had a net cash position of approximately USD 284 million, after purchase price adjustments, as of September 30, 2015, and TeliaSonera will be paid for the cash position at closing in proportion to its economic interest of 80.4 percent. The divestment, all transactions included, results in a positive net cash effect for TeliaSonera, corresponding to approximately SEK 7.5 billion after provisions, primarily related to tax. Closing is expected during the first half of 2016.

SIGNIFICANT EVENTS IN 2015

- On February 16, 2015, TeliaSonera announced that it had issued a bond of EUR 500 million in a 20 year deal maturing in February 2035, under its existing EUR 12 billion EMTN (Euro Medium Term Note) program. The Re-offer yield was set at 1.70 percent p.a. equivalent to Mid-swaps + 63 basis points.
- On March 25, 2015, TeliaSonera announced that TeliaSonera and the other shareholders in Turkcell Holding had agreed to propose to the General Assembly Meeting of Turkcell that the company distribute dividends of TRY 3,925 million in total. The General Assembly Meeting of Turkcell was held on March 26, 2015, and the proposal was approved.
- On April 8, 2015, TeliaSonera announced that the ordinary members of the Board Marie Ehrling, Olli-Pekka Kallasvuo, Mats Jansson, Mikko Kosonen, Nina Linander, Martin Lorentzon, Per-Arne Sandström and Kersti Strandqvist were re-elected at the Annual General Meeting. Marie Ehrling was elected Chair of the Board and Olli-Pekka Kallasvuo was elected Vice-Chair of the Board. The Annual General Meeting also decided upon a dividend to the shareholders of SEK 3.00 per share.
- On April 8, 2015, TeliaSonera announced that the European Commission had announced that they should open an in-depth investigation into the proposed merger of TeliaSonera's and Telenor's Danish operations. On June 23, 2015, TeliaSonera and Telenor commented on European Commission Statement of Objections regarding the proposed merger of TeliaSonera's and Telenor's operations in Denmark. On September 11, 2015, TeliaSonera and Telenor announced the withdrawal of the proposed merger of their respective business units in Denmark. The companies had not been able to agree with the European Commission on acceptable conditions to go ahead with their plan to create a robust mobile operator.
- On April 28, 2015, TeliaSonera announced that it had acquired 270,783 shares to an average price of SEK 51.7908 to cover commitments under the "Long Term Incentive Program 2012/2015".
- On June 10, 2015, TeliaSonera announced that TeliaSonera and Spotify had decided to further boost co-operation following more than five years of successful partnership and TeliaSonera made an equity investment of USD 115 million.
- On June 25, 2015, TeliaSonera announced changes in Group Executive Management. As of July 1, Hélène Barnekow assumed the position of Executive Vice President and Head of region Sweden, while Malin Frenning assumed a new role in

Group Executive Management as Senior Vice President and Head of Technology and transformation. Sverker Hannervall left the company but remains as advisor during the notice period.

- On September 17, 2015, TeliaSonera announced that it is not a long-term owner in region Eurasia. TeliaSonera will increase focus on its regions Europe and Sweden within the strategy of creating the new TeliaSonera. A process was initiated in order to reduce the presence in region Eurasia and over time fully leave.
- On September 28, 2015, TeliaSonera announced changes in Group Executive Management. TeliaSonera is combining the units Group Commercial and Group Technology into a new unit. Malin Frenning left TeliaSonera and Emil Nilsson will head region Eurasia.
- On October 6, 2015, TeliaSonera announced that it executes on its new strategic focus by combining its two Lithuanian subsidiaries. The fixed line operator TEO and the mobile operator Omnitel had decided to join forces, which strengthens TeliaSonera's core business in the Nordics and Baltics. On January 4, 2016, TEO announced that it had acquired all shares in Omnitel.
- On October 8, 2015, TeliaSonera announced that Sören Abildgaard had been appointed acting Head of the combined Group Commercial-Group Technology unit. Mr. Abildgaard became a member of Group Executive Management. At the same date TeliaSonera informed that Erik Hallberg assumed a position as head of the new unit Global Businesses and he left Group Executive Management.
- On January 14, 2016, TeliaSonera announced that Region Eurasia would be reported as held for sale and discontinued operations in the Year-end Report 2015. Further, it was also stated that results in the fourth quarter 2015 would be impacted by a non-cash impairment charge of SEK 5.3 billion related to the operations in Uzbekistan and a non-cash impairment charge of SEK 1.9 billion related to the operations in Denmark.

SIGNIFICANT EVENTS AFTER YEAR-END 2015

- On January 12, 2016, TeliaSonera announced that it had appointed Anders Olsson Chief Operating Officer and Head of Global Services & Operations in TeliaSonera and member of the TeliaSonera Group Executive Management team.
- On January 13, 2016, TeliaSonera announced that the Nomination Committee presented the proposal to TeliaSonera's Annual General Meeting on April 12, 2016, regarding the election of members of the Board of Directors and Chair of the Board. The Nomination Committee proposed the re-election of all members of the Board of Directors, except for Mats Jansson, Per-Arne Sandström and Kersti Strandqvist who have declined re-election. Furthermore, the Nomination Committee proposed the election of Susanna Campbell, Anna Settman and Olaf Swantee as new members. The Nomination Committee proposed the re-election of Marie Ehrling as Chair of the Board and of Olli-Pekka Kallasvuo as Vice-Chair of the Board.

TELIASONERA SHARE

The TeliaSonera share is listed on Nasdaq Stockholm and Nasdaq Helsinki. The share's settlement price in Stockholm decreased 16 percent in 2015, from SEK 50.40 to SEK 42.19. The highest share price was SEK 55.65 (53.20) and the lowest SEK 40.05 (44.32). The number of shareholders increased from 510,566 to 515,437. Ownership by the Swedish state was 37.3 percent and the Finnish state's holding was 3.2 percent. Holdings outside Sweden and Finland percent increased to 35.1 percent from 28.8 percent.

ORDINARY DIVIDEND TO SHAREHOLDERS

For 2015, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 3.00 (3.00), totaling SEK 13.0 billion (13.0), or 152 percent (90) of net income attributable to owners of the parent company.

Dividend should be split and distributed into two equal tranches of SEK 1.50 each.

First distribution

The Board of Directors proposes that the final day for trading in shares entitling shareholders to dividend be set for April 12, 2016, and that the first day of trading in shares excluding rights to dividend be set for April 13, 2016. The recommended record date at Euroclear Sweden for the right to receive dividend will be April 14, 2016. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on April 19, 2016.

Second distribution

The Board of Directors proposes that the final day for trading in shares entitling shareholders to dividend be set for October 21, 2016, and that the first day of trading in shares excluding rights to dividend be set for October 24, 2016. The recommended record date at Euroclear Sweden for the right to receive dividend will be October 25, 2016. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on October 28, 2016.

Annual General Meeting 2016

The Annual General Meeting (AGM) will be held on April 12, 2016, at 14:00 CET at Waterfront Congress Centre, Stockholm. Notice of the meeting will be posted on www.teliasonera.com, and advertised in the newspapers at the beginning of March 2016. The record date entitling shareholders to attend the meeting will be April 6, 2016. Shareholders may file notice of intent to attend the AGM from the beginning of March 2016. TeliaSonera must receive notice of attendance no later than April 6, 2016.

Revenue and earnings growth in Sweden

- Organic service revenues grew 2.5 percent supported by fiber roll-out at a record pace as well as higher TV and broadband revenues due to ARPU and subscription base expansion. Fixed telephony continued to decline following lower demand for traditional telephony. Profitability improved supported by the growth in service revenues, good cost control and a better equipment sales mix.
- Continued success for our fiber campaigns to single dwelling units resulted in a record of 23,000 additional single homes connected in the quarter, reaching a full year number of 55,000.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	9,893	9,661	2.4	37,336	36,456	2.4
<i>Change (%) local organic</i>	<i>2.3</i>			<i>2.0</i>		
of which service revenues (external)	8,324	8,115	2.6	32,194	31,927	0.8
<i>change (%) local organic</i>	<i>2.5</i>			<i>0.3</i>		
EBITDA excl. non-recurring items	3,807	3,460	10.0	14,267	14,311	-0.3
Margin (%)	38.5	35.8		38.2	39.3	
Income from associated companies	0	1	-78.5	-20	-5	
Operating income excl. non-recurring items	2,651	2,356	12.5	9,797	10,130	-3.3
Operating income	2,449	2,147	14.1	9,284	9,746	-4.7
CAPEX excl. license and spectrum fees	2,192	1,573	39.4	6,179	4,936	25.2
% of service revenues	26.3	19.4		19.2	15.5	
EBITDA excl. non-recurring items - CAPEX	1,615	1,888	-14.4	8,088	9,375	-13.7
Subscriptions, (thousands)						
Mobile	6,067	6,186	-1.9	6,067	6,186	-1.9
Fixed telephony	1,896	2,054	-7.7	1,896	2,054	-7.7
Broadband	1,306	1,275	2.4	1,306	1,275	2.4
TV	730	697	4.7	730	697	4.7
Employees	6,695	6,740	-0.7	6,695	6,740	-0.7

Net sales, excluding acquisitions and disposals, increased 2.3 percent. The positive effect of acquisitions and disposals was 0.1 percent. **Service revenues**, excluding acquisitions and disposals, increased 2.5 percent.

Mobile service revenues increased by 1.2 percent whereas fixed service revenues grew by 3.1 percent from increased one time fiber charges as well as from higher APRU and an expanding subscription base for TV and broadband.

EBITDA, excluding non-recurring items, acquisitions and disposals, increased 10.0 percent. EBITDA, excluding non-recurring items, but including acquisitions

and disposals, increased 10.0 percent to SEK 3,807 million (3,460). The EBITDA margin increased to 38.5 percent (35.8) mainly by higher one time fiber charges, a better equipment sales mix and good cost control.

CAPEX increased to SEK 2,192 million (1,573) and CAPEX, excluding licenses and spectrum fees, increased to SEK 2,192 million (1,573).

The number of mobile subscriptions decreased in the quarter by 72,000 attributable to prepaid subscriptions, while the number of fixed broadband and TV subscriptions increased by 10,000 and 17,000, respectively.

Increased earnings in region Europe

- Organic service revenues declined by 1.0 percent due to lower fixed and interconnect revenues. Mobile billed revenues increased in organic terms by 2.0 percent, mainly due to strong demand for data in several markets.
- In Denmark, Telia acquired the remaining shares in the subsidiary DLG Tele I/S which previously was a 50/50 ownership with DLG.
- The migration of Tele2 customers in Norway was completed in the quarter. Further, two 1,800 MHz frequency blocks were acquired in Norway for NOK 293 million.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	11,418	10,338	10.4	43,730	39,667	10.2
<i>Change (%) local organic</i>	<i>5.1</i>			<i>2.7</i>		
of which service revenues (external)	8,648	8,222	5.2	34,501	32,488	6.2
<i>change (%) local organic</i>	<i>-1.0</i>			<i>-2.0</i>		
EBITDA excl. non-recurring items	2,666	2,467	8.1	10,584	9,772	8.3
Margin (%)	23.3	23.9		24.2	24.6	
Income from associated companies	32	25	27.0	119	108	9.9
Operating income excl. non-recurring items	1,224	1,054	16.1	4,875	4,759	2.4
Operating income	-744	879	-184.7	2,375	4,401	-46.0
CAPEX excl. license and spectrum fees	1,847	1,727	7.0	5,517	4,699	17.4
% of service revenues	21.4	21.0		16.0	14.5	
EBITDA excl. non-recurring items - CAPEX	512	740	-30.8	4,761	5,073	-6.2
Subscriptions, (thousands)						
Mobile	13,914	13,166	5.7	13,914	13,166	5.7
Fixed telephony	942	980	-3.9	942	980	-3.9
Broadband	1,283	1,268	1.2	1,283	1,268	1.2
TV	900	854	5.4	900	854	5.4
Employees	11,305	10,917	3.6	11,305	10,917	3.6

Net sales in local currencies, excluding acquisitions and disposals, increased 5.1 percent. In reported currency, net sales increased 10.4 percent to SEK 11,418 million (10,338). The effect of exchange rate fluctuations was negative by 1.6 percent and effect of acquisitions and disposals was positive by 6.9 percent. **Service revenues** in local currencies, excluding acquisitions and disposals, decreased 1.0 percent.

Mobile service revenues in local currencies, excluding acquisitions and disposals, increased by 0.4 percent as lower interconnect revenues in mainly the Nordics were more than offset mainly by growth in billed and roaming revenues. Fixed service revenues however declined

by 5.0 percent primarily due to lower demand for traditional fixed telephony in all countries and lower broadband revenues in Finland.

EBITDA, excluding non-recurring items, increased 2.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 8.1 percent to SEK 2,666 million (2,467). The EBITDA margin declined to 23.3 percent (23.9).

CAPEX increased to SEK 2,153 million (1,727) and CAPEX, excluding licenses and spectrum fees, increased to SEK 1,847 million (1,727).

Finland – Positive mobile service revenue growth

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	3,406	3,360	1.4	13,279	12,905	2.9
<i>Change (%) local organic</i>	0.6			0.0		
of which service revenues (external)	2,771	2,802	-1.1	11,065	11,082	-0.2
<i>change (%) local organic</i>	-1.6			-2.9		
EBITDA excl. non-recurring items	947	876	8.1	3,945	3,925	0.5
Margin (%)	27.8	26.1		29.7	30.4	
Subscriptions, (thousands)						
Mobile	3,306	3,281	0.8	3,306	3,281	0.8
Fixed telephony	80	99	-19.2	80	99	-19.2
Broadband	527	561	-6.1	527	561	-6.1
TV	486	481	1.0	486	481	1.0

Service revenues decreased 1.6 percent in local currency, excluding acquisitions and disposals, as fixed revenues declined due to broadband subscription base and ARPU erosion and less demand for business solutions. Mobile service revenues grew by 2.9 percent supported by price adjustments and upsell activities.

The EBITDA margin, excluding non-recurring items, increased to 27.8 percent (26.1), explained by billed revenue growth, improved equipment margin and lower resource costs.

The number of subscriptions in fixed broadband and TV, decreased by 2,000 and 5,000, respectively, in the quarter. The number of mobile subscriptions declined by 21,000 in the quarter but grew by 25,000 during the year.

Norway – Stable margin

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	2,304	1,799	28.0	9,165	6,864	33.5
<i>Change (%) local organic</i>	3.1			4.9		
of which service revenues (external)	1,828	1,417	29.0	7,556	5,655	33.6
<i>change (%) local organic</i>	-2.1			0.4		
EBITDA excl. non-recurring items	681	543	25.4	2,761	2,130	29.6
Margin (%)	29.6	30.2		30.1	31.0	
Subscriptions, (thousands)						
Mobile	2,311	1,517	52.4	2,311	1,517	52.4

Service revenues declined 2.1 percent in local currency, excluding acquisitions and disposals. Growth in mobile billed revenues was more than offset by lower interconnect revenues following change of termination rates in the third quarter.

The EBITDA margin, excluding non-recurring items decreased to 29.6 percent (30.2).

The number of mobile subscriptions declined by 163,000 in the quarter, almost fully explained by a clean-up of inactive SIM cards with no financial impact.

Denmark – Stable profitability despite price pressure

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	1,563	1,574	-0.7	5,890	5,761	2.2
<i>Change (%) local organic</i>	-0.6			-0.4		
of which service revenues (external)	1,052	1,093	-3.7	4,247	4,272	-0.6
<i>change (%) local organic</i>	-3.8			-3.2		
EBITDA excl. non-recurring items	215	214	0.7	743	771	-3.7
Margin (%)	13.8	13.6		12.6	13.4	
Subscriptions, (thousands)						
Mobile	1,644	1,581	4.0	1,644	1,581	4.0
Fixed telephony	114	122	-6.6	114	122	-6.6
Broadband	135	114	18.4	135	114	18.4
TV	28	20	40.0	28	20	40.0

Service revenues declined by 3.8 percent in local currency, excluding acquisitions and disposals as mainly interconnect and traditional telephony revenues declined. TV and broadband revenues however grew following a customer base expansion. Mobile service revenues declined by 3.7 percent due to continued high competition.

The EBITDA margin, excluding non-recurring items, remained fairly flat at 13.8 percent (13.6) supported by lower operating costs.

The number of mobile subscriptions increased by 8,000 in the quarter and by 63,000 during the year.

Lithuania – Higher revenues and improved margin

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	840	798	5.3	3,146	2,950	6.6
<i>Change (%) local organic</i>	4.7			3.7		
of which service revenues (external)	651	635	2.6	2,536	2,474	2.5
<i>change (%) local organic</i>	2.1			-0.3		
EBITDA excl. non-recurring items	285	265	7.6	1,051	1,012	3.9
Margin (%)	33.9	33.2		33.4	34.3	
Subscriptions, (thousands)						
Mobile	1,327	1,378	-3.7	1,327	1,378	-3.7
Fixed telephony	447	468	-4.5	447	468	-4.5
Broadband	390	369	5.7	390	369	5.7
TV	212	187	13.4	212	187	13.4

Service revenues increased 2.1 percent in local currency, excluding acquisitions and disposals following growth in billed revenues. Fixed revenues attributable to traditional fixed telephony declined due to lower demand but both TV and broadband revenues increased mainly from a growing subscription base.

The EBITDA margin, excluding non-recurring items, increased to 33.9 percent (33.2), mainly due to higher mobile service revenues.

The number of mobile subscriptions declined by 17,000 in the quarter. The number of fixed broadband subscriptions increased by 7,000 and TV subscriptions increased by 10,000 in the quarter.

Latvia – Positive service revenue growth

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	463	350	32.2	1,660	1,458	13.8
<i>Change (%) local organic</i>	<i>31.7</i>			<i>10.7</i>		
of which service revenues (external)	289	282	2.5	1,188	1,132	5.0
<i>change (%) local organic</i>	<i>2.1</i>			<i>2.1</i>		
EBITDA excl. non-recurring items	138	111	24.6	548	454	20.6
Margin (%)	29.9	31.7		33.0	31.2	
Subscriptions, (thousands)						
Mobile	1,119	1,097	2.0	1,119	1,097	2.0

Service revenues increased 2.1 percent in local currency, excluding acquisitions and disposals as lower interconnect revenues were compensated for by higher wholesale and billed revenues. The strong growth in equipment sales continued.

The EBITDA margin, excluding non-recurring items, declined to 29.9 percent (31.7), mainly explained by a high growth of equipment sales.

The number of mobile subscriptions decreased by 2,000 in the quarter, but increased by 22,000 during the year.

Estonia – Pressure on service revenues and profitability

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	738	695	6.3	2,692	2,630	2.4
<i>Change (%) local organic</i>	<i>-2.2</i>			<i>-3.0</i>		
of which service revenues (external)	549	524	4.8	2,062	2,075	-0.6
<i>change (%) local organic</i>	<i>-4.4</i>			<i>-6.0</i>		
EBITDA excl. non-recurring items	169	191	-11.3	817	855	-4.5
Margin (%)	22.9	27.5		30.3	32.5	
Subscriptions, (thousands)						
Mobile	863	841	2.6	863	841	2.6
Fixed telephony	301	291	3.4	301	291	3.4
Broadband	231	224	3.1	231	224	3.1
TV	174	166	4.8	174	166	4.8

Service revenues declined 4.4 percent in local currency, excluding acquisitions and disposals following lower demand for travel products. The demand for data however increased resulting in billed revenues growing by 3.4 percent.

The EBITDA margin, excluding non-recurring items, fell to 22.9 percent (27.5), explained by lower service revenues and increased operating expenses.

The number of fixed broadband and TV subscriptions both grew by 3,000 in the quarter while the number of mobile subscriptions increased by 12,000 in the quarter and 22,000 during the year.

Spain – Positive intake of postpaid subscriptions

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	2,129	1,988	7.1	7,992	7,392	8.1
<i>Change (%) local organic</i>	<i>6.5</i>			<i>5.2</i>		
of which service revenues (external)	1,508	1,469	2.7	5,847	5,799	0.8
<i>change (%) local organic</i>	<i>2.2</i>			<i>-1.9</i>		
EBITDA excl. non-recurring items	229	267	-14.1	720	625	15.2
Margin (%)	10.8	13.4		9.0	8.5	
Subscriptions, (thousands)						
Mobile	3,344	3,471	-3.6	3,344	3,471	-3.6

Mobile service revenues increased by 2.2 percent in local currency, excluding acquisitions and disposals as a lower demand for mobile voice was more than compensated for by higher roaming revenues and strong demand for data.

The EBITDA margin, excluding non-recurring items, declined to 10.8 percent (13.4), mainly due to a higher

share of equipment sales and attractive offerings in the market targeting to grow the postpaid customer base.

The number of mobile subscriptions decreased by 54,000 in the quarter, as a positive net intake of 14,000 postpaid subscriptions was offset by clean out of inactive prepaid subscriptions.

Other operations

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales	1,965	1,792	9.7	7,753	7,043	10.1
<i>Change (%) local organic</i>	<i>5.9</i>			<i>4.5</i>		
of which International Carrier	1,676	1,526	9.9	6,631	5,964	11.2
EBITDA excl. non-recurring items	83	-26		430	282	52.5
of which International Carrier	124	112	11.2	401	371	8.1
Margin (%)	4.2	-1.4		5.5	4.0	
Income from associated companies	1,137	1,519	-25.1	3,295	4,463	-26.2
of which Russia	504	646	-22.0	1,413	2,247	-37.1
of which Turkey	641	874	-26.7	1,894	2,213	-14.4
Operating income excl. non-recurring items	1,063	1,393	-23.7	3,141	3,948	-20.4
Operating income	1,144	1,368	-16.4	2,948	3,597	-18.0
CAPEX	864	772	11.9	2,593	2,317	11.9
Employees	3,342	3,236	3.3	3,342	3,236	3.3

Net sales in local currencies, excluding acquisitions and disposals, increased 5.9 percent. In reported currency, net sales grew 9.7 percent to SEK 1,965 million (1,792). The effect of exchange rate fluctuations was negative 3.8 percent.

EBITDA, excluding non-recurring items, turned positive to SEK 83 million (-26). The EBITDA margin, excluding non-recurring items, rose to 4.2 percent (-1.4).

In International Carrier, net sales increased 9.9 percent to SEK 1,676 million (1,526) and the EBITDA margin, excluding non-recurring items, remained almost flat at 7.4 percent (7.3).

Income from associated companies, decreased to SEK 1,137 million (1,519) largely explained by currency effects.

Discontinued operations

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Net sales (external)	4,470	5,163	-13.4	20,742	19,759	5.0
EBITDA excl. non-recurring items	2,299	2,702	-14.9	11,035	10,859	1.6
Margin (%)	51.4	52.3		53.2	55.0	
CAPEX	976	1,577	-38.1	4,195	4,724	-11.2
CAPEX excluding license and spectrum fees	951	1,388	-31.5	3,784	3,370	12.3

Former region Eurasia is classified as discontinued operations as of December 31, 2015. Consequently, highlights for former region Eurasia are presented in a condensed format. For more information on discontinued operations, see pages 22 and 23.

Net sales declined 13.4 percent in reported currency to SEK 4,470 million (5,163).

EBITDA, excluding non-recurring items, declined to SEK 2,299 million (2,702). The EBITDA margin, excluding non-recurring items, declined to 51.4 percent (52.3).

CAPEX decreased to SEK 976 million (1,577) and CAPEX, excluding license and spectrum fees, decreased to SEK 951 million (1,388).

Condensed consolidated statements of comprehensive income

SEK in millions, except per share data, number of shares and changes	Oct-Dec 2015	Oct-Dec ¹⁾ 2014	Chg (%)	Jan- Dec 2015	Jan-Dec ¹⁾ 2014	Chg (%)
Continuing operations						
Net sales	22,655	21,399	5.9	86,569	81,131	6.7
Cost of sales	-14,174	-13,461	5.3	-52,782	-48,322	9.2
Gross profit	8,481	7,938	6.8	33,788	32,809	3.0
Selling, admin. and R&D expenses	-4,986	-4,947	0.8	-20,243	-18,999	6.5
Other operating income and expenses, net	-1,817	-142		-2,333	-633	
Income from associated companies and joint ventures	1,170	1,545	-24.3	3,394	4,567	-25.7
Operating income	2,848	4,395	-35.2	14,606	17,743	-17.7
Finance costs and other financial items, net	-816	-485		-2,917	-2,535	
Income after financial items	2,033	3,910		11,689	15,209	
Income taxes	-613	-983		-2,157	-2,989	
Net income from continuing operations	1,420	2,926		9,532	12,219	
Discontinued operations						
Net income from discontinued operations	-4,047	-56		673	3,379	
Total net income	-2,627	2,870		10,205	15,599	
Items that may be reclassified to net income:						
Foreign currency translation differences from continuing operations	-1,465	-187		-6,868	1,756	
Foreign currency translation differences from discontinued operations	-2,914	727		-5,478	1,309	
Income from associated companies and joint ventures	-38	-48		-2	9	
Cash flow hedges	237	331		614	69	
Available-for-sale financial instruments	-17	1		-2	3	
Income tax relating to items that will be reclassified	-417	425		-667	845	
Items that will not be reclassified to net in- come:						
Remeasurements of defined benefit pension plans	3,018	-366		4,322	-3,953	
Income tax relating to items that will not be reclassified	-648	107		-922	870	
Associates' remeasurements of defined ben- efit pension plans	7	0		6	5	
Other comprehensive income	-2,236	989		-8,997	911	
Total comprehensive income	-4,863	3,859		1,208	16,510	
Total net income attributable to:						
Owners of the parent	-3,010	2,938		8,551	14,502	
Non-controlling interests	383	-68		1,654	1,097	
Total comprehensive income attributable to:						
Owners of the parent	-4,664	3,745		987	15,081	
Non-controlling interests	-199	114		221	1,429	
Earnings per share (SEK), basic and diluted	-0.70	0.68		1.97	3.35	

Of which continuing operations, basic and diluted	0.32	0.67		2.16	2.78	
Number of shares (thousands)						
Outstanding at period-end	4,330,080	4,330,085		4,330,080	4,330,085	
Weighted average, basic and diluted	4,330,082	4,330,085		4,330,082	4,330,085	
EBITDA from continuing operations	6,367	5,675	12.2	23,992	23,453	2.3
EBITDA excl. non-recurring items from continuing operations	6,556	5,902	11.1	25,281	24,364	3.8
Depreciation, amortization and impairment losses from continuing operations	-4,688	-2,825	65.9	-12,780	-10,276	24.4
Operating income excl. non-recurring items from continuing operations	4,938	4,804	2.8	17,814	18,837	-5.4

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

Condensed consolidated statements of financial position

SEK in millions	Dec 31, 2015	Dec 31, 2014
Assets		
Goodwill and other intangible assets	67,933	86,161
Property, plant and equipment	55,093	69,669
Investments in associates and joint ventures, pension obligation assets and other non-current assets	29,401	34,301
Deferred tax assets	5,054	5,955
Long-term interest-bearing receivables	16,368	14,336
<i>Total non-current assets</i>	<i>173,850</i>	<i>210,422</i>
Inventories	1,871	1,779
Trade and other receivables and current tax receivables	17,158	20,137
Short-term interest-bearing receivables	10,679	10,993
Cash and cash equivalents	14,647	28,735
Assets classified as held for sale	35,812	–
<i>Total current assets</i>	<i>80,167</i>	<i>61,644</i>
Total assets	254,017	272,066
Equity and liabilities		
Equity attributable to owners of the parent	97,884	111,383
Equity attributable to non-controlling interests	4,318	4,981
<i>Total equity</i>	<i>102,202</i>	<i>116,364</i>
Long-term borrowings	91,646	90,168
Deferred tax liabilities	10,627	10,840
Provisions for pensions and other long-term provisions	6,199	15,268
Other long-term liabilities	702	1,887
<i>Total non-current liabilities</i>	<i>109,175</i>	<i>118,163</i>
Short-term borrowings	9,337	11,321
Trade payables and other current liabilities, current tax payables and short-term provisions	21,706	26,218
Liabilities directly associated with assets classified as held for sale	11,598	–
<i>Total current liabilities</i>	<i>42,641</i>	<i>37,539</i>
Total equity and liabilities	254,017	272,066

Condensed consolidated statements of cash flows

SEK in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Cash flow before change in working capital	8,341	6,401	36,184	29,366
Change in working capital	-123	245	-935	-114
Cash flow from operating activities	8,218	6,645	35,249	29,252
<i>of which from discontinued operations</i>	<i>1,261</i>	<i>1,995</i>	<i>8,121</i>	<i>8,418</i>
Cash CAPEX	-5,527	-5,011	-18,699	-16,206
Free cash flow	2,691	1,635	16,550	13,046
<i>of which from discontinued operations</i>	<i>857</i>	<i>1,163</i>	<i>4,030</i>	<i>4,905</i>
Cash flow from other investing activities	-1,936	-6,774	-10,285	-5,774
Total cash flow from investing activities	-7,463	-11,784	-28,985	-21,979
<i>of which from discontinued operations</i>	<i>-681</i>	<i>-1,150</i>	<i>-4,823</i>	<i>-3,863</i>
Cash flow before financing activities	755	-5,139	6,264	7,272
Cash flow from financing activities	-2,158	3,369	-9,628	-10,269
<i>of which from discontinued operations</i>	<i>-226</i>	<i>134</i>	<i>422</i>	<i>-705</i>
Cash flow for the period	-1,404	-1,770	-3,363	-2,997
<i>of which from discontinued operations</i>	<i>354</i>	<i>979</i>	<i>3,719</i>	<i>3,850</i>
Cash and cash equivalents, opening balance	26,742	30,423	28,735	31,355
Cash flow for the period	-1,404	-1,770	-3,363	-2,997
Exchange rate differences	-5	82	-38	377
Cash and cash equivalents, closing balance	25,334	28,735	25,334	28,735
<i>of which from continuing operations</i>	<i>14,647</i>	<i>21,627</i>	<i>14,647</i>	<i>21,627</i>
<i>of which from discontinued operations</i>	<i>10,687</i>	<i>7,109</i>	<i>10,687</i>	<i>7,109</i>

Condensed consolidated statements of changes in equity

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
Opening balance, January 1, 2015	111,383	4,981	116,364
Dividends	-12,990	-835	-13,825
Share-based payments	23	–	23
Repurchased treasury shares	-14	–	-14
Acquisition of non-controlling interests	-309	-47	-356
<i>Total transactions with owners</i>	<i>-13,289</i>	<i>-882</i>	<i>-14,171</i>
Total comprehensive income	987	221	1,208
Effect of equity transactions in associates	-1,197	–	-1,197
Closing balance, December 31, 2015	97,884	4,318	102,202

Basis of preparation

GENERAL

As in the annual accounts for 2014, TeliaSonera's consolidated financial statements as of and for the twelve-month period ended December 31, 2015, 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. For the group this interim report has been prepared in accordance with IAS 34 Interim Fi-

financial Reporting and for the Parent Company in accordance with the Swedish Annual Reports Act. The accounting policies adopted are consistent with those of the previous financial year, except as described below. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

DISCONTINUED OPERATIONS

Former region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. For information on discontinued operations, see pages 22 and 23.

SEGMENTS

The former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015, and is therefore not included in the segment information.

CORRECTION OF PRIOR PERIOD CLASSIFICATION ERROR

Prior periods have been restated to reflect the discovery of certain classification errors between net sales and cost of sales referring to supplier rebates in region Europe. The corrections were as follows below taken into account former region Eurasia classified as discontinued operations:

SEK in millions	Oct-Dec 2014 Reported	Oct-Dec 2014 Restatement	Oct-Dec 2014 Disc. operations	Oct-Dec 2014 Restated
Net sales	26,606	-44	-5,163	21,399
Cost of sales	-16,634	44	3,129	-13,461
Gross profit	9,972	0	-2,034	7,938

SEK in millions	Jan-Dec 2014 Reported	Jan-Dec 2014 Restatement	Jan-Dec 2014 Disc. operations	Jan-Dec 2014 Restated
Net sales	101,060	-170	-19,759	81,131
Cost of sales	-58,091	170	9,599	-48,322
Gross profit	42,969	0	-10,160	32,809

RESTATEMENT OF FINANCIAL DATA

Prior periods have been restated to reflect a new product classification, primarily within Managed Services and Support. Restatements have impacted external service revenues in region Sweden and region Europe.

RESTATEMENT OF OPERATIONAL DATA

The definition of number of mobile prepaid subscriptions has been changed. Prepaid subscriptions are counted if the subscriber has been active during the last three months. Prior periods have been restated for comparability.

Non-recurring items

SEK in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Within EBITDA	-189	-227	-1,289	-912
Restructuring charges, synergy implementation costs, etc.:				
Region Sweden	-202	-180	-495	-354
Region Europe	-83	-22	-615	-204
Other operations	81	81	-194	-246
Capital gains/losses	14	-107	14	-107
Within Depreciation, amortization and impairment losses	-1,900	-182	-1,900	-182
Impairment losses, accelerated depreciation:				
Region Sweden	–	-29	–	-29
Region Europe	-1,900	-152	-1,900	-152
Other operations	–	-1	–	-1
Within Income from associated companies and joint ventures	–	–	-19	–
Capital gains/losses	–	–	-19	–
Total continuing operations	-2,089	-409	-3,208	-1,093
Total discontinued operations	-5,486	-1,823	-5,772	-2,883
Total non-recurring items	-7,575	-2,232	-8,980	-3,976

Impairment losses in region Europe of SEK 1,900 million relates to goodwill write-downs in Denmark as a result of updated earnings projections following the previously announced decision to withdraw from the proposed joint venture with Telenor in Denmark.

Discontinued operations

CLASSIFICATION

As of December 31, 2015, region Eurasia is classified as held for sale and discontinued operations. On September 17, 2015, TeliaSonera announced that it is not a long-term owner in region Eurasia and that a process had been initiated in order to reduce the presence in region Eurasia and over time fully leave. During the fourth quarter of 2015, the sales process in all the Eurasian markets has progressed and in December, TeliaSonera signed an agreement to sell its ownership in the Nepalese operator Ncell. As a consequence of this progress, the current status in the overall divestment process and an assessment of the circumstances in each market and the complex owner structures, TeliaSonera has made the judgment that a divestment of the operations in region Eurasia is deemed highly probable within one year and that region Eurasia therefore should be classified as held for sale and reported as discontinued operations as of December 31, 2015.

PRESENTATION

Region Eurasia is classified as held for sale and discontinued operations and is therefore presented as a sin-

gle amount in the consolidated statements of comprehensive income. Assets and liabilities in region Eurasia are presented separately in two line items in the consolidated statement of financial position. The consolidated cash flow statement is presented including region Eurasia, but with additional information on cash flows from operating, investing and financing activities and free cash flow for region Eurasia. The amounts for continuing and discontinued operations in the consolidated financial statements are presented after elimination of intra group transactions. Comparative periods in the consolidated statements of comprehensive income are restated to reflect the classification of region Eurasia as discontinued operations.

MEASUREMENT

In accordance with IFRS 5 the discontinued operations are measured at the lower of carrying value and estimated fair value less costs to sell. The valuation is based on an overall assessment of the input from the sales process and the risks in the different countries. The remeasurement of the net assets in region Eurasia resulted in an impairment charge of SEK 5.3 billion related to goodwill and other fixed assets in Uzbekistan.

NET INCOME FROM DISCONTINUED OPERATIONS

SEK in millions	Jan- Dec 2015	Jan- Dec 2014
Net sales	20,742	19,759
Expenses and other operating income, net	-13,775	-14,823
Operating income	6,967	4,936
Finance costs and other financial items, net	1,552	-38
Income after financial items	8,519	4,898
Income taxes	-2,546	-1,519
Impairment loss on remeasurement to fair value less costs to sell ¹	-5,300	-
Net income from discontinued operations	673	3,379
EBITDA excl. non-recurring items	11,035	10,859

1) Non-tax deductible.

ASSETS CLASSIFIED AS HELD FOR SALE

SEK in millions	Dec 31, 2015	Dec 31, 2014
Goodwill and other intangible assets	10,821	-
Property, plant and equipment	10,379	-
Other non-current assets	586	-
Short-term interest-bearing receivables	1,382	-
Other current assets	1,957	-
Cash and cash equivalents	10,687	-
Assets of former region Eurasia classified as held for sale	35,812	-
Long-term borrowings	238	-
Long-term provisions	4,431	-
Other long-term liabilities	2,176	-
Short-term borrowings	1,230	-
Other current liabilities	3,524	-
Liabilities of former region Eurasia associated with assets classified as held for sale	11,598	-
Net assets of former region Eurasia classified as held for sale	24,214	-

Segment information

SEK in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales				
Region Sweden	9,893	9,661	37,336	36,456
<i>of which external</i>	<i>9,791</i>	<i>9,577</i>	<i>37,051</i>	<i>36,165</i>
Region Europe	11,418	10,338	43,730	39,667
<i>of which external</i>	<i>11,314</i>	<i>10,421</i>	<i>43,309</i>	<i>39,401</i>
Other operations	1,965	1,792	7,753	7,043
Total segments	23,276	21,790	88,819	83,166
Eliminations	-620	-391	-2,249	-2,035
Group	22,655	21,399	86,569	81,131
EBITDA excl. non-recurring items				
Region Sweden	3,807	3,460	14,267	14,311
Region Europe	2,666	2,467	10,584	9,772
Other operations	83	-26	430	282
Total segments	6,556	5,902	25,281	24,364
Eliminations	0	0	0	0
Group	6,556	5,902	25,281	24,364
Operating income				
Region Sweden	2,449	2,147	9,284	9,746
Region Europe	-744	879	2,375	4,401
Other operations	1,144	1,368	2,948	3,597
Total segments	2,848	4,394	14,606	17,744
Eliminations	0	1	0	0
Group	2,848	4,395	14,606	17,743
Finance costs and other financial items, net	-816	-485	-2,917	-2,535
Income after financial items	2,033	3,910	11,689	15,209

SEK in millions	Region Sweden	Region Europe	Other op- erations	Total continu- ing oper- ations	Discon- tinued oper- ations	Un-allo- cated	Total
Segment assets							
December 31, 2015	42,516	96,018	33,633	172,166	23,625	58,586	254,017
December 31, 2014	39,313	96,852	47,084	183,249	37,735	51,082	272,066
Segment liabilities							
December 31, 2015	11,123	11,626	5,663	28,413	8,393	115,010	151,816
December 31, 2014	10,195	11,679	5,250	27,123	13,354	115,224	155,701

The decrease in segment assets in Other operations is mainly explained by dividends from the associated company Turkcell.

DISCONTINUED OPERATIONS

The former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015 and is therefore not included in the Segment information. For information on discontinued operations, see pages 22 and 23.

Investments

SEK in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
CAPEX	5,209	4,075	14,595	11,955
Intangible assets	1,066	478	2,251	1,138
Property, plant and equipment	4,143	3,597	12,344	10,817
Acquisitions and other investments	183	254	5,818	1,210
Asset retirement obligations	187	105	275	162
Goodwill and fair value adjustments	-5	138	4,497	1,004
Equity holdings	1	11	1,045	45
Total continuing operations	5,392	4,329	20,413	13,165
Total discontinued operations	996	1,577	4,215	4,733
of which CAPEX	976	1,577	4,195	4,724
Total investments	6,388	5,906	24,628	17,899
of which CAPEX	6,185	5,652	18,790	16,679

Financial instruments – fair values

Long-term and short-term borrowings ¹⁾ SEK in millions	Dec 31, 2015		Dec 31, 2014	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	37,672	41,021	26,955	34,726
Interest rate swaps	627	627	283	283
Cross currency interest rate swaps	1,694	1,694	1,577	1,577
Subtotal	39,993	43,342	28,814	36,585
Open-market financing program borrowings	47,908	53,577	57,861	63,534
Other borrowings at amortized cost	3,699	3,699	3,431	3,431
Subtotal	91,600	100,618	90,106	103,549
Finance lease agreements	46	46	62	62
Total long-term borrowings	91,646	100,664	90,168	103,611
Short term borrowings				
Open-market financing program borrowings in fair value hedge relationships	–	–	7,414	7,414
Interest rate swaps	51	51	–	–
Cross currency interest rate swaps	21	21	329	329
Subtotal	72	72	7,743	7,743
Utilized bank overdraft and short-term credit facilities at amortized cost	9	9	1,057	1,058
Open-market financing program borrowings	5,627	5,648	725	726
Other borrowings at amortized cost	3,623	3,623	1,786	1,786
Subtotal	9,330	9,351	11,311	11,313
Finance lease agreements	7	7	10	10
Total short-term borrowings	9,337	9,358	11,321	11,323

1) For financial assets, fair values equal carrying values. For information on fair value estimation, see TeliaSonera's Annual Report 2014, Note C3 to the consolidated financial statements.

Financial assets and liabilities by fair value hierarchy level ¹⁾ SEK in millions	Dec 31, 2015				Dec 31, 2014			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments available-for-sale	1,053	–	–	1,053	275	–	–	275
Equity instruments held-for-trading	35	–	–	35	61	–	–	61
Long- and short-term bonds available-for-sale	15,739	15,739	–	–	4,950	4,950	–	–
Derivatives designated as hedging instruments	2,824	–	2,824	–	3,901	–	3,901	–
Derivatives held-for-trading	3,137	–	3,072	65	1,923	–	1,868	55
Total financial assets at fair value by level	22,789	15,739	5,896	1,153	11,110	4,950	5,770	391
Financial liabilities at fair value								
Derivatives designated as hedging instruments	2,165	–	2,165	–	1,727	–	1,727	–
Derivatives held-for-trading	329	–	329	–	882	–	882	–
Total financial liabilities at fair value by level	2,494	–	2,494	–	2,609	–	2,609	–

1) For information on fair value hierarchy levels and fair value estimation, see TeliaSonera's Annual Report 2014, Note C3 to the consolidated financial statements and the section below.

FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these equity instruments, TeliaSonera has a market approach to derive the fair value.

TeliaSonera's primary valuation technique used for estimating the fair value of unlisted equity instruments in level 3 is based on the most recent transaction for the specific company if such transaction has been recently done. If there has been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of TeliaSonera, would be a material impact on the fair value, the carrying value is adjusted to reflect the changes.

In addition, the assessment of the fair value of material unlisted equity instruments is verified by applying other valuation models in the form of valuation multiples from listed comparable companies (peers) on relevant financial and operational metrics, such as revenue, gross profit and other relevant KPIs for the specific company. Comparable listed companies are determined based on industry, size, development stage, geographic area

and strategy. The multiple is calculated by dividing the enterprise value of the comparable company by the relevant metric. The multiple is then adjusted for discounts/premiums with regards to differences, advantages and disadvantages between TeliaSonera's investment and the comparable public companies based on company specific facts and circumstances.

Although TeliaSonera uses its best judgment, and cross-references results of the primary valuation model against other models in estimating the fair value of unlisted equity instruments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount that TeliaSonera could realize in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value could be material.

Unlisted equity instruments for which the fair value cannot be reliably measured are measured at cost less any impairment.

The table below presents the movement in level 3 instruments for the twelve-month period ended December 31, 2015.

SEK in millions	Dec 31, 2015					Dec 31, 2014				
	Equity instruments available-for-sale	Equity instruments held-for-trading	Long and short-term bonds available-for-sale	Derivatives held-for-trading	Total	Equity instruments available-for-sale	Equity instruments held-for-trading	Long and short-term bonds available-for-sale	Derivatives held-for-trading	Total
Level 3, opening balance	275	61	0	55	391	203	57	2	0	262
Changes in fair value	10	-26	0	10	-6	–	–	-2	55	53
<i>of which recognized in net income</i>	-15	-26	0	10	-31	–	–	-2	55	53
<i>of which recognized in other comprehensive income</i>	25	–	–	–	25	–	–	–	–	–
Purchases /capital contributions	994	4	–	–	998	33	4	–	–	37
Transfer out of level 3	–	–	–	–	–	–	–	–	–	–
Exchange rate differences	16	-5	0	0	11	38	2	–	–	40
Reclassified to assets classified as held for sale	-242	–	–	-1	-243	–	–	–	–	–
Level 3, closing balance	1,053	35	–	65	1,153	275	61	–	55	391

The purchases in 2015 mainly related to the acquisition of a 1.4 percent stake in Spotify for USD 115 million, corresponding to SEK 976 million at the transaction date on June 9, 2015.

Treasury shares

On April 28, 2015, TeliaSonera acquired 270,783 own shares to an average price of SEK 51.7908 to cover commitments under the “Long Term Incentive Program 2012/2015”. During the second quarter 2015, TeliaSonera distributed 266,195 shares to the incentive program participants. As of December 31, 2015, 4,588 TeliaSonera AB shares were held by the company itself

and the total numbers of registered and outstanding shares were 4,330,084,781 and 4,330,080,193, respectively. The total number of registered and outstanding shares as of December 31, 2014, was 4,330,084,781.

Related party transactions

In the twelve-month period ended December 31, 2015, TeliaSonera purchased goods and services for SEK 83 million (151), and sold goods and services for SEK 112 million (307). Related parties in these transactions were mainly MegaFon, Turkcell and Lattelecom.

Net debt, continuing and discontinued operations

Net debt presented below is based on the total TeliaSonera group including both continuing and discontinued operations.

SEK in millions	Dec 31, 2015	Dec 31, 2014
Long-term and short-term borrowings	102,451	101,489
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-5,580	-5,618
Less long-term bonds available for sale	-8,841	-4,671
Less short-term investments, cash and bank	-32,313	-31,880
Net debt, continuing and discontinued operations	55,717	59,320

Loan financing and credit rating

The underlying operating cash flow continued to be positive also in the last quarter of 2015.

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

The fourth quarter had light new issuance activity and muted interest from investors to engage in new investments. Credit spreads were almost unchanged for European investment grade corporates during the fourth quarter compared to the end of the third quarter. October and November showed strong performance with spread tightening but the quarter ended with a weak finish in December after ECB disappointment causing credit spread widening up to the year end.

TeliaSonera has not made any major funding during the fourth quarter and continue to have limited funding needs for 2016. The strategy for 2016 remains intact, to be opportunistic and take advantage of attractive funding opportunities when they appear with a special focus on continue to diversify the investor base.

Collateral held

On December 29, 2015, TeliaSonera received payment of the last tranche of the deferred consideration from

AF Telecom Holding (AFT) agreed in relation to the transaction regarding shares in MegaFon in 2012, in the amount of SEK 2,659 million. Subsequent to this payment, TeliaSonera has no outstanding receivables from AFT. The pledged shares and bank accounts are to be released in 2016.

Guarantees and collateral pledged

As of December 31, 2015, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 298 million (320 at the end of 2014), of which SEK 283 million (287 at the end of 2014) referred to guarantees for pension obligations. Collateral pledged totaled SEK 353 million (426 at the end of 2014). For information regarding ongoing investigations of Eurasian transactions see Review of Eurasian transactions in section Risk and uncertainties.

Contractual obligations and commitments

As of December 31, 2015, contractual obligations totaled SEK 2,506 million (2,117 at the end of 2014), of which SEK 1,802 million (1,286 at the end of 2014) referred to contracted build-out of TeliaSonera's fixed networks in Sweden.

Business combinations

TELE2'S NORWEGIAN OPERATIONS

After the Norwegian Competition Authority approval TeliaSonera acquired Tele2's Norwegian mobile operations on February 12, 2015. The acquisition included 100 percent of all outstanding shares in Tele2 Norge AS and Network Norway AS and their subsidiaries and joint ventures. As part of the remedies provided in order to get the approval, TeliaSonera has signed an agreement with mobile operator ICE Communication Norge AS (ICE) partly on national roaming, partly on the sale of the customer base and the marketing and sales organization of Network Norway, which provides voice communication solutions to companies. In addition TeliaSonera has sold infrastructure to ICE.

The transaction is a strategic fit for the group and in line with the ambition to strengthen TeliaSonera's position in the core markets. The greater scale will improve TeliaSonera's competitiveness and ability to offer mobile internet to enterprise customers and consumers in Norway, including the rural areas where large investments are needed.

The cost of combination, fair values of assets acquired including goodwill and liabilities assumed are presented in the table below. The table includes the effects of all the related transactions, including remedies provided. The total cost of the combination includes repayment of certain borrowings of SEK 3,043 million to Tele2. The total cost of the combination has been impacted by negative cash flow, interest and seasonal changes in working capital since the agreed locked box date as of May 31, 2014.

SEK in millions	Tele2 Norway
Cost of combination	
Cash consideration	5,138
Contingent consideration	–
Total cost of the combination	5,138
Fair value of net assets acquired	
Goodwill	1,715
Intangible assets	2,882
Property, plant and equipment	316
Deferred tax assets	1,054
Other non-current assets	68
Current assets	936
Total assets acquired, including goodwill	6,971
Deferred tax liabilities	743
Other non-current liabilities	322
Current liabilities	768
Total liabilities assumed	1,833
Total fair value of net assets acquired, including goodwill	5,138

SEK in millions	Tele2 Norway
Total cost of the combination paid in cash	5,138
Less cash and cash equivalents	-1
Net cash outflow from the combination	5,137

Goodwill consists of the knowledge of transferred personnel and expected synergies from the assets merged to the network and operations of TeliaSonera. No part of goodwill is expected to be deductible for tax purposes. The fair value of acquired receivables amounts to SEK 614 million. Acquisition-related costs of SEK 10 million and SEK 17 million have been recognized as other operating expenses in 2015 and 2014, respectively. Compared to the preliminary fair values presented in the interim report for the first quarter of 2015, goodwill has been reduced by SEK 141 million as

a result of increased fair values for current assets. Other changes relate mainly to reclassifications.

OTHER MINOR BUSINESS COMBINATIONS

On January 2, 2015, TeliaSonera acquired all shares in Transit Bredband AB. The cost and net cash outflow of the combination was SEK 22 million. On June 8, 2015, TeliaSonera acquired all outstanding shares in the Finnish company ict-verstas Oy. The cost of the transaction, SEK 28 million, was paid in cash. On August 3, 2015, TeliaSonera acquired all shares in the Estonian

company Green IT OÜ. The cost of the transaction was SEK 35 million, whereof SEK 21 million was paid in cash. On October 5, 2015, TeliaSonera acquired all shares in the Swedish company Växjö Support Center Försäljnings AB for SEK 5 million which was paid in cash. The costs of the combinations and fair values have been 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.

Financial key ratios, continuing and discontinued operations

The key ratios presented below are based on the total TeliaSonera group including both continuing and discontinued operations.

	Dec 31, 2015	Dec 31, 2014
Return on equity (% , rolling 12 months)	9.3	15.0
Return on capital employed (% , rolling 12 months)	8.9	12.2
Equity/assets ratio (%)	35.1	38.0
Net debt/equity ratio (%)	62.5	57.4
Net debt/EBITDA rate excl. non-recurring items (multiple, rolling 12 months)	1.53	1.68
Net debt/assets ratio	21.9	21.8
Owners' equity per share (SEK)	22.6	25.7

Parent company

Condensed income statements SEK in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	1	0	4	4
Gross income	1	0	4	4
Operating expenses	-459	-728	-1,265	-920
Operating income	-457	-728	-1,261	-916
Financial income and expenses	1,099	4,386	7,765	3,409
Income after financial items	642	3,658	6,503	2,493
Appropriations	2,113	1,761	6,376	7,750
Income before taxes	2,755	5,419	12,879	10,243
Income taxes	-605	366	-1,194	-231
Net income	2,150	5,784	11,685	10,012

Financial income and income taxes for the twelve-month period increased mainly due to positive exchange rate gains in 2015.

Condensed balance sheets SEK in millions	Dec 31, 2015	Dec 31, 2014
Non-current assets	162,700	155,495
Current assets	60,513	65,805
Total assets	223,213	221,300
Equity and liabilities		
Restricted shareholders' equity	15,712	15,712
Non-restricted shareholders' equity	67,189	68,020
Total shareholders' equity	82,901	83,732
Untaxed reserves	12,666	11,476
Provisions	504	478
Long-term liabilities	88,094	87,172
Short-term liabilities	39,048	38,442
Total equity and liabilities	223,213	221,300

Total investments in the 12 month-period ended December 31, 2015, were SEK 8,013 million (4,314) mainly related to the acquisition of Tele2's Norwegian mobile operations and shares in Spotify.

On December 29, 2015, TeliaSonera received payment of the last tranche of the deferred consideration from

AF Telecom Holding (AFT) agreed in relation to the transaction regarding shares in MegaFon in 2012, in the amount of SEK 2,659 million. Subsequent to this payment, TeliaSonera has no outstanding receivables from AFT. The pledged shares and bank accounts are to be released in 2016.

Risks and uncertainties

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

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

See section Risk and uncertainties and Note C26 to the consolidated financial statements in TeliaSonera's Annual and Sustainability Report 2014 for a detailed description of some of the factors that may affect TeliaSonera's business, brand perception, financial position, results of operations or the share price from time to time. Risks and uncertainties that could specifically impact the quarterly results of operations during 2016 include, but may not be limited to:

Global financial markets unrest. Changes in the global financial markets 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 financial crisis by itself or by triggering a downturn in the economy of one or more countries in which TeliaSonera operates would have an impact on its customers and may have a negative impact on 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 unfavorable changes in the global financial markets.

International, political and macroeconomic developments. TeliaSonera has material investments in the Russian Federation related to its associated company PAO MegaFon and the international carrier operations.

Following the conflict between the Russian Federation and Ukraine, the European Union and the United States have implemented sanctions directed towards individuals and corporates. The Russian Federation has as a consequence decided on certain counter actions. The sanctions and counter actions may negatively affect the Russian ruble and the Russian economy, which in turn may impact countries whose economies are closely linked to the Russian economy, such as a number of TeliaSonera's Eurasian operations. These developments, as well as other international political conflicts or developments affecting countries in which TeliaSonera is operating, may adversely impact TeliaSonera's cash flows, financial position and results of operations.

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

Investments in business transformation and future growth. TeliaSonera is currently investing in business transformation and future growth through, for example, initiatives to increase competitiveness and reduce cost as well as to improve capacity and access by accelerating the fiber roll-out in Sweden, new B2B offerings, as well as upgrading data networks in Eurasia. TeliaSonera is also constantly investing in sales and marketing efforts to retain and acquire customers in its markets. TeliaSonera believes that these investments and initiatives will improve market position and financial strength. Should TeliaSonera however fail to reach the targets set for its business transformation and customer attraction activities, the results of operations will be negatively impacted.

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, Turkey and Afghanistan. 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 or become increasingly unpredictable, and markets in which TeliaSonera operates may become unstable, even to the extent that TeliaSonera decides or will be forced to exit a country or a specific operation within a country. Another implication may be unexpected or unpredictable litigation cases under civil or tax legislation. Other risks associated with operating in emerging market countries include foreign exchange restrictions or administrative issues, which could effectively prevent TeliaSonera from repatriating cash, e.g. by receiving dividends and repayment of loans, or from selling its investments. Still another risk is the potential establishment of foreign ownership restrictions or other possible actions against entities with foreign ownership, formally or informally. Such negative political or legal developments or weakening of the economies or currencies in these markets might have a significantly negative effect on TeliaSonera's results of operations and financial position. In September 2015, TeliaSonera announced its decision to reduce the presence in region Eurasia (Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal) and over time fully leave. Sales processes have been initiated. The nature of these markets, including potential government intervention and other factors mentioned above, combined with the fact that the assets are not fully-owned and there are undertakings and obligations in various shareholder agreements, reputational issues regarding the assets and fewer potential buyers than in more mature markets, makes the complexity of these sales processes high with significant uncertainties regarding both expected outcome and timing.

Impairment losses and restructuring charges. Factors generally affecting the telecom markets as well as changes in the economic, regulatory, business or political environment impact TeliaSonera financially. Management also constantly reviews and refines the business plans, and may make exit decisions or take other actions in order to effectively execute on TeliaSonera's strategy. Should such circumstances negatively change management's expectation of future cash flows attributable to certain assets, TeliaSonera will be required to recognize asset impairment losses, including but not limited to goodwill and fair value adjustments recorded in connection with historical or future acquisitions. Further, TeliaSonera has undertaken a number of restructuring and streamlining initiatives,

which have resulted in substantial restructuring and streamlining charges. Similar initiatives may be undertaken in the future. In addition to affecting TeliaSonera's financial position and 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 and joint operations. A significant portion of TeliaSonera's results derives from associated companies, in particular MegaFon and Turkcell, which TeliaSonera does not control and which operate in growth markets but also in more volatile political, economic and legal environments. In turn, these associated companies own stakes in numerous other companies. TeliaSonera does not have a controlling interest

in its associated companies and as a result has limited influence over the conduct of all 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 ongoing corporate governance issues on shareholder level in Turkcell. TeliaSonera might not be able to ensure that the associated companies apply the same responsible business principles, increasing the risk for wrongdoings and reputational and financial losses. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.

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

Sustainability. TeliaSonera is subject to a number of ethics and sustainability related risks, including but not limited to, human rights, customer privacy, corruption, network integrity, data security, labor practices and environment. Especially, the risk is high in emerging markets where historically, the political, economic, legal and regulatory systems have been less predictable than in countries with more mature institutional structures. Failure or perception of failure to adhere to TeliaSonera's ethics and sustainability requirements may damage customer or other stakeholders' perception of TeliaSonera and negatively impact TeliaSonera's business operations and its brand, even to the extent that TeliaSonera decides to exit one or a number of markets. Further, after making such a decision, the disposal process as such may pose risks to corruption and unethical business behavior.

Review of Eurasian transactions. In April 2013, the Board of Directors assigned the international law firm Norton Rose Fulbright (NRF) to review transactions and agreements made in Eurasia by TeliaSonera in the past few years with the intention to give the Board a clear picture of the transactions and a risk assessment from

a business ethics perspective. For advice on implications under Swedish legislation, the Board assigned two Swedish law firms. In consultation with the law firms, TeliaSonera has promptly taken steps, and will continue to take steps, in its business operations as well as in its governance structure and with its personnel which reflect concerns arising from the review. In addition to the NRF review, the Swedish Prosecution Authority's investigation with respect to Uzbekistan is ongoing and TeliaSonera continues to cooperate with and provide assistance to the Prosecutor. As TeliaSonera will carry on assessing its positions in the Eurasian jurisdictions, there is a risk that future actions taken by the company as a consequence of either the NRF review, the Swedish Prosecution Authority's investigation, or TeliaSonera's own successive improvements to its ethical standards and procedures may adversely impact the results of operations and financial position in TeliaSonera's operations in the Eurasian jurisdictions. Another risk is presented by the Swedish Prosecution Authority's notification in the beginning of 2013 within the investigation of TeliaSonera's transactions in Uzbekistan, that the Authority is separately investigating the possibility of seeking a corporate fine against TeliaSonera, which under the Swedish Criminal Act can be levied up to a maximum amount of SEK 10 million, and forfeiture of any proceeds to TeliaSonera resulting from the alleged crimes. The Swedish Prosecution Authority may take similar actions with respect to transactions made or agreements entered into by TeliaSonera relating to operations in its other Eurasian markets. Further, actions taken, or to be taken, by the police, prosecution or regulatory authorities in other jurisdictions against TeliaSonera's operations or transactions, or against third parties, whether they be Swedish or non-Swedish individuals or legal entities, might directly or indirectly harm TeliaSonera's business, results of operations, financial position or brand reputation. As examples, related investigations concerning bribery and money laundering in connection with the transactions in Uzbekistan are conducted by the Dutch prosecutor and police authorities, and by the U.S. Department of Justice and the U.S. Securities and Exchange Commission. As requested by the Dutch authorities, TeliaSonera has provided a bank guarantee of EUR 10 million as collateral for any financial claims which may be decided against one of its Dutch subsidiaries. TeliaSonera is cooperating fully with the Dutch and U.S. authorities. The investigations were initiated in March 2014 and are still ongoing. At this point in time, it is not possible to assess how or when the investigations will be resolved. TeliaSonera has received requests to make public the reviews made by NRF and other law firms. However, despite risking criticism, it is not possible to publish the reviews with respect to people, companies, business agreements, privacy and thus the risk

of TeliaSonera incurring lawsuits as the law firms views are not necessarily shared by those implicated. As already stated, TeliaSonera continuously hand over information to law enforcement agencies, who are better equipped to assess whether any criminal acts have occurred.

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 provides communication services helping millions of people to be connected and communicate, do business and be entertained. By doing that we fulfil our purpose to bring the world closer - on the customer's terms.

For more information about TeliaSonera, see www.teliasonera.com.

Definitions

Billed revenues: Voice, messaging, data and content.

CAPEX: An abbreviation of "Capital Expenditure." Investments in intangible and tangible non-current assets but excluding goodwill, fair-value adjustments and asset retirement obligations.

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

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

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

Non-recurring items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs) or other costs with the character of not being part of normal daily operations.

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 2014, unless otherwise stated.

Financial calendar

Annual report 2015

March 22, 2016, available at www.teliasonera.com

Annual General Meeting 2016

April 12, 2016

Interim Report January–March 2016

April 20, 2016

Interim Report January–June 2016

July 20, 2016

Interim Report January–September 2016

October 21, 2016

Questions regarding the reports

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