The number of subscriptions in TeliaSonera’s majority-owned operations amounted to more than 71 million at year-end 2012.

From voice to data
The telecom industry is changing. Mobile use is less about voice calls and text messages, and more about being online.
Content

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Vision and strategy 5
Trends 8
The TeliaSonera share 10
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Our operations 14
Sustainability 22
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Financial calendar
April 3, 2013
Annual General Meeting 2013 in Stockholm
April 19, 2013
Interim Report January-March
July 17, 2013
Interim Report January-June
October 17, 2013
Interim Report January-September
January 30, 2014
Year-end Report 2013

Vision and strategy – Making it possible

Customers value the freedom and flexibility to do more and get closer. TeliaSonera provides network access and telecommunication services that enable people and businesses to achieve what’s important to them. Seeing the big picture is important, but the little details are just as essential in meeting customers’ needs.

Read more on page 5

Trends – Always online

The major trends of today can be summarized in two words: always online. This applies equally to mobile users and broadband subscribers. Being online is now a central aspect of people’s lives, enabling everything from social networking to entertainment. There is increasing demand for constant connectivity, which continues to drive demand for network capacity.

Read more on page 8

Our operations – Communication across the globe

TeliaSonera’s customers are found all the way from Norway to Nepal. Our services enable people and businesses to work, play and communicate wherever they are.

Read more on page 14
TeliaSonera in brief

Communication the easy way

TeliaSonera has its roots in the Nordic telecom market and holds strong positions in the Nordic and Baltic countries, Eurasia and Spain. Our core business is to create better communication opportunities for people and businesses through mobile and fixed line communication services.

TeliaSonera creates a world with better opportunities
We help people communicate with family, friends and business contacts in an easy, efficient and environmentally friendly way. We do this by providing high quality telecommunication services in the Nordic and Baltic countries, the emerging markets of Eurasia, including Russia and Turkey, and in Spain. Our ambition is to be a leading operator in all our markets, by providing the best customer experience, high-quality networks and cost-efficient operations.

We are an international group
We have majority-owned operations from the Nordics to Nepal, with more than 71 million subscriptions at year-end 2012, as well as almost 112 million subscriptions in our associated companies, mainly in Russia and Turkey. We are also the leading European wholesale provider with a wholly-owned international carrier network.

We are organized into three business areas
Mobility Services, Broadband Services and Eurasia are our three business areas. In the Nordics and Baltics we provide mobile and fixed line services including TV. In Eurasia and Spain we offer mobile services.

- Mobility Services
- Broadband Services
- Eurasia

We want to help our customers get connected
We offer high-quality services such as mobile broadband via 4G, digital home and fiber services to ensure we can meet future demands.

Our employees
We had 27,838 employees at year-end.

27,838
The year in brief

2012 – an eventful year

- We continued the roll-out of both fiber as well as 4G and extended our TV offerings, by for example introducing HBO and Play+. Reduced data roaming prices were brought to new destinations and Spotify was launched in several markets.

- We initiated an efficiency program that will lead to cost reductions of SEK 2 billion net over the coming two years, including personnel reductions net of 2,000 employees in the Nordics and Baltics. At the same time, we see a need to recruit new competence.

- We partnered with the Danish Institute for Human Rights (DIHR) to define and support an internal assessment of risks that could potentially lead to involvement in human rights violations. In particular, freedom of expression and privacy are growing in importance for companies across the ICT sector.

- We successfully managed to settle a long standing ownership dispute in Russian MegaFon and completed an initial public offering of the company by the end of the year. It is amazing that our investment of a mere SEK 1.2 billion since the company’s inception in 1994 has grown to around SEK 55 billion including dividends, sale of shares and the value of our remaining 25 percent ownership.

- We successfully completed an initial public offering of Kazakh Kcell during the fall and decided to divest Norwegian NextGenTel.

- We were accused of bribery and money laundering in connection with our investment in Uzbekistan in 2007 and 2010. The Board appointed an external investigation that could neither prove nor completely reject the accusations. The investigation complained of deficiencies in the implementation of the deal and that the company violated its own ethical guidelines. In a statement, the Board agreed in the criticism, and shared the same.

- Our financial position is solid and at year-end free cash flow was record high and we delivered the second highest earnings per share, at SEK 4.59, since the merger between Telia and Sonera in 2002.

Financial highlights

<table>
<thead>
<tr>
<th>SEK IN MILLIONS, EXCEPT KEY RATIOS, PER SHARE DATA AND MARGINS</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>104,898</td>
<td>104,804</td>
<td>106,979</td>
</tr>
<tr>
<td>EBITDA, excluding non-recurring items</td>
<td>36,059</td>
<td>37,222</td>
<td>36,897</td>
</tr>
<tr>
<td>margin (%)</td>
<td>34.4</td>
<td>35.5</td>
<td>34.5</td>
</tr>
<tr>
<td>Operating income</td>
<td>28,288</td>
<td>29,720</td>
<td>32,003</td>
</tr>
<tr>
<td>Operating income, excluding non-recurring items</td>
<td>28,570</td>
<td>29,889</td>
<td>31,935</td>
</tr>
<tr>
<td>Net income</td>
<td>21,168</td>
<td>21,119</td>
<td>23,562</td>
</tr>
<tr>
<td>of which attributable to owners of the parent company</td>
<td>19,886</td>
<td>18,388</td>
<td>21,257</td>
</tr>
<tr>
<td>Earnings per share (SEK)</td>
<td>4.59</td>
<td>4.21</td>
<td>4.73</td>
</tr>
<tr>
<td>Return on equity (%), rolling 12 months</td>
<td>19.8</td>
<td>17.1</td>
<td>17.8</td>
</tr>
<tr>
<td>CAPEX-to-sales (%)</td>
<td>15.0</td>
<td>16.6</td>
<td>14.0</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>23,740</td>
<td>9,415</td>
<td>12,901</td>
</tr>
</tbody>
</table>

| NET SALES AND EBITDA MARGIN, EXCLUDING NON-RECURRING ITEMS, 2010–2012 |
|---------------------------------------------------------------|------|------|------|
| | SEK billion | % |
| 2010 | 110 | 36 |
| 2011 | 105 | 34 |
| 2012 | 100 | 32 |
| | 95 | 30 |

<table>
<thead>
<tr>
<th>EPS AND DIVIDENDS, 2010–2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2012</td>
</tr>
</tbody>
</table>

Proposed pay-out ratio 62%
Vision and strategy

Making it possible

Customers value the freedom and flexibility to do more and get closer via the internet. TeliaSonera provides network access and telecommunication services that enable people and businesses to achieve what’s important to them. Seeing the big picture is important, but the little details are just as essential in meeting customer needs.

Mission – To provide network access and telecommunication services

TeliaSonera’s mission is to help people and companies communicate in an easy, efficient and environmentally friendly way, by providing network access and telecommunication services.

Our focus is to deliver a world-class customer experience, while ensuring the quality of our networks and maintaining a cost efficient structure. TeliaSonera is an international group with a global strategy, but wherever we operate we act as a local company.

Our focus areas
- Providing world-class customer experience
- High quality networks
- Driving cost efficiency
Vision – To contribute to a world with better opportunities

TeliaSonera is a world-class service company, recognized as an industry leader. We are proud pioneers of the telecom industry, a position we have gained by being innovative, reliable and customer friendly. Wherever we operate, we act in a responsible way, based on a firm set of values and business principles. Our services form a major part of people’s daily lives – for business, education and pleasure.

Shared values – making us stronger together

Our shared values shape the way we work every day.

Add value
We are customer focused and business minded. Innovation and pioneering are important aspects of our heritage and culture. By collaborating in teams and across borders, we share knowledge and use our resources efficiently. We take ownership, follow up and give feedback to ensure that we foster simple and sustainable solutions that deliver value for our customers.

Show respect
We demonstrate trust, courage and integrity in everything we do. We place a high value on our employees’ knowledge and diversity, and share the responsibility for creating a good working climate. We treat others the way we want to be treated; in a professional and fair manner. We carefully protect customer privacy and network integrity, and always act in the best interests of our customers and our company.

Make it happen
We constantly make decisions to drive development and change; planning and fast implementation are crucial to our business. We make the best use of our employees’ competence and commitment to maintain a dynamic business climate where everyone contributes. We make it easy and rewarding to do business with us, and always deliver on our promises.
Vision and strategy

**Strategy** – a world class customer experience

Today communication services are an integral part of people’s daily lives. Since the arrival of smartphones and tablets, we rely increasingly on digital communication for social and business interaction. A trend which will only grow stronger in the coming years. Communication services have moved from being expensive and exclusive to being available, affordable and personal.

Our ambition is to translate our strategy to provide a world-class customer experience, industry leading network quality and to have a competitive cost structure.

We believe that our industry is faced with three main challenges:
1. Introducing new business models to rebalance pricing towards data.
2. Fixed-mobile convergence and bundling of services.
3. Development of value-added services linked to the core business.

**Rising to the challenges**

We are leading the move towards pricing that better reflects how customers use their devices.

Convergence is a growing part of our offering, for example giving customers access to their subscribed TV channels via computers and mobile devices, bringing video services such as HBO and Netflix to mobile devices, and integrating Spotify into mobile and TV services.

While maintaining our primary role as an enabler and access provider, we create added value for private and business customers through services such as cloud storage and virtual meetings. The focus here is on applications closely linked to network access, and that reduce churn and increase data traffic in our networks.

**Data traffic per customer is increasing**

Our strategy is based on growth in data traffic beyond what would be expected from new customers coming into the network, and an unlimited demand for bandwidth. This has two major consequences:

* Established fixed networks remain competitive, with strong growth in new services such as IPTV and video-on-demand.
* The pricing model will evolve. We will move from a voice-based model to a focus on charging for access, usage and speed.

“Our strategy is to provide a world class customer experience, industry leading network quality and to have a competitive cost structure.”

**Our promise**

We want our networks and services to be firmly based on customer needs. This is our promise to customers:

* High quality networks, ensuring our services are reliable in terms of coverage, speed and up-time.
* A world-class experience, with services that are attractive and easy to use.
* A business-to-business product portfolio that gives customers competitive advantage.
* Early implementation of new technology and services.
* Efficient operations with the benefits of economies of scale.
Trends

Always online

The major trends of today can be summarized in two words: always online. This applies equally to mobile users and broadband subscribers. Being online is now a central aspect of people’s lives, enabling everything from social networking to entertainment. There is increasing demand for a constant connected experience, which continues to drive demand for network capacity.

Life online

Smartphones and tablets are key enablers of the online lifestyle. In a short space of time they have transformed the role of the mobile device and user expectations of the online experience. The narrowing gap in capability between smartphones and computers means that people expect to be able to do the same things whether at the home computer or on the move. Demand continues to increase for a seamless online experience that removes the traditional boundaries between home and mobile use, and this is now becoming a reality.

“Demand continues to increase for a seamless online experience that removes the traditional boundaries between home and mobile use.”
Connecting across borders
Our world is shrinking. People travel more often, and further, than ever before, and there is also a growing desire to be online also when abroad. The high cost of data roaming has been a major obstacle to this, but there is great demand for internet access at a reasonable fixed cost per day, and excellent business potential in enabling this.

From voice to data
The way people now use their mobile devices requires a move to a different business model – one that reflects the new reality. Mobile use is less about voice calls and text messages, and more about being online. In the future, charging will be focused on data rather than traditional voice calls, which will make it possible to provide greater flexibility and match price plans more closely to people’s needs.

Partnerships for excellence
Entertainment is now an essential part of both mobile and broadband usage. Operators have traditionally developed these services themselves, but the trend is now towards a focus on partnerships with leading entertainment providers, with examples being HBO, Netflix and Spotify, in order to give consumers access to the highest quality services. This was an emerging trend in 2012, and is likely to accelerate during 2013.

Blue sky thinking
Cloud services and virtual meetings are currently the major drivers for business traffic. Companies increasingly want to give their employees easier access to essential information wherever they are. Cloud storage is growing as a complement to local storage, and cloud computing provides easily scalable capability without the need for expensive investments in infrastructure.

“Mobile use is less about voice calls and text messages, and more about being online.”
The TeliaSonera share

Increased foreign ownership

The TeliaSonera share is listed at the NASDAQ OMX Stockholm and Helsinki stock exchanges. In 2012 the share price declined 5.8 percent to SEK 44.06. During the same period the OMX Stockholm 30 Index rose 11.8 percent and the STOXX 600 Telecommunications Index declined 10.7 percent.

At year-end 2012 TeliaSonera’s market capitalization was SEK 190.8 billion. Besides NASDAQ OMX Stockholm and Helsinki the share was traded at other platforms with the major trading volumes at BATS Chi-X CXE and Boat xoff.

Shareholder structure

Holdings outside Sweden and Finland increased from 18.2 percent to 22.4 percent and there were 553,631 shareholders at the end of the year. The Finnish State decreased its holding to 11.7 percent from 13.7 percent during the year.

Dividend

The Board of Directors proposes a dividend for 2012 of SEK 2.85 per share (2.85).

<table>
<thead>
<tr>
<th>SHAREHOLDER STRUCTURE, AS OF DECEMBER 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shareholders</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>1–500</td>
</tr>
<tr>
<td>501–1,000</td>
</tr>
<tr>
<td>1,001–5,000</td>
</tr>
<tr>
<td>5,001–10,000</td>
</tr>
<tr>
<td>10,001–15,000</td>
</tr>
<tr>
<td>15,001–20,000</td>
</tr>
<tr>
<td>20,001–</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

MAJOR SHAREHOLDERS, AS OF DECEMBER 31, 2012

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of outstanding shares</th>
<th>Percent of outstanding shares/votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swedish State</td>
<td>1,614,513,748</td>
<td>37.3</td>
</tr>
<tr>
<td>Finnish State</td>
<td>505,123,642</td>
<td>11.7</td>
</tr>
<tr>
<td>Capital Group Funds</td>
<td>153,876,977</td>
<td>3.6</td>
</tr>
<tr>
<td>Alecta</td>
<td>112,272,322</td>
<td>2.6</td>
</tr>
<tr>
<td>Swedbank Robur Funds</td>
<td>111,387,612</td>
<td>2.6</td>
</tr>
<tr>
<td>AMF Insurance and Funds</td>
<td>80,445,164</td>
<td>1.9</td>
</tr>
<tr>
<td>SHB Funds</td>
<td>53,624,855</td>
<td>1.2</td>
</tr>
<tr>
<td>SEB Funds</td>
<td>51,063,691</td>
<td>1.2</td>
</tr>
<tr>
<td>Fourth National Pension Fund</td>
<td>49,541,893</td>
<td>1.1</td>
</tr>
<tr>
<td>Bank of Norway Investment Management</td>
<td>33,957,410</td>
<td>0.8</td>
</tr>
<tr>
<td>Total other shareholders</td>
<td>1,568,277,487</td>
<td>36.0</td>
</tr>
<tr>
<td>Total outstanding shares</td>
<td>4,330,084,781</td>
<td>100.0</td>
</tr>
</tbody>
</table>

SHARE DATA

<table>
<thead>
<tr>
<th>SHARE DATA</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid at year-end, SEK</td>
<td>44.06</td>
<td>46.77</td>
</tr>
<tr>
<td>Highest paid during the year, SEK</td>
<td>49.33</td>
<td>55.70</td>
</tr>
<tr>
<td>Lowest paid during the year, SEK</td>
<td>41.43</td>
<td>40.60</td>
</tr>
<tr>
<td>Number of shares at year-end, millions</td>
<td>4,330.1</td>
<td>4,330.1</td>
</tr>
<tr>
<td>Number of shareholders at year-end</td>
<td>553,631</td>
<td>580,076</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>4.59</td>
<td>4.20</td>
</tr>
<tr>
<td>Dividend per share, SEK</td>
<td>2.85*</td>
<td>2.85</td>
</tr>
<tr>
<td>Pay-out ratio, %</td>
<td>62*</td>
<td>68</td>
</tr>
<tr>
<td>Equity per share, SEK</td>
<td>25.27</td>
<td>26.95</td>
</tr>
</tbody>
</table>

*Proposed by the Board of Directors

Sources: Euroclear Sweden and SIS Ägarservice

553,631

Number of shareholders at the end of the year.
Markets and brands

Strong market positions

Customers recognize us in each of our markets by our common identity. Our icon represents the international strength of TeliaSonera combined with a strong local connection as represented by our well-known local brand names. We also have local fighting brands in most markets with a different marketing strategy. We have majority-owned operations in the Nordics and Baltics as well as in Eurasia and Spain and associated companies in Russia, Turkey and Latvia. We aim to be recognized as a leading player in all our markets.

Majority-owned companies

<table>
<thead>
<tr>
<th>Country</th>
<th>Trademark</th>
<th>Ownership</th>
<th>Service</th>
<th>Market position</th>
<th>Market share¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>Telia, Halebop</td>
<td>100%</td>
<td>Mobile</td>
<td>1</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Telia</td>
<td>100%</td>
<td>Broadband</td>
<td>1</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>Telia</td>
<td>100%</td>
<td>Fixed Voice incl. VoIP</td>
<td>1</td>
<td>61%</td>
</tr>
<tr>
<td></td>
<td>Telia</td>
<td>100%</td>
<td>TV</td>
<td>4</td>
<td>13%</td>
</tr>
<tr>
<td>Finland</td>
<td>Sonera, TeleFinland</td>
<td>100%</td>
<td>Mobile</td>
<td>2</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>Sonera</td>
<td>100%</td>
<td>Broadband</td>
<td>2</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Sonera</td>
<td>100%</td>
<td>Fixed Voice</td>
<td>2</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Sonera</td>
<td>100%</td>
<td>TV</td>
<td>2</td>
<td>21%</td>
</tr>
<tr>
<td>Norway</td>
<td>NetCom, Chess</td>
<td>100%</td>
<td>Mobile</td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>Denmark</td>
<td>Telia, Call me, DLG Tele²</td>
<td>100%</td>
<td>Mobile</td>
<td>3</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>Telia, DLG Tele²</td>
<td>100%</td>
<td>Broadband</td>
<td>5</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Telia, Call me, DLG Tele²</td>
<td>100%</td>
<td>Fixed Voice incl. VoIP</td>
<td>2</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>Telia</td>
<td>100%</td>
<td>TV</td>
<td>&gt;5</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

¹Proposed by the Board of Directors

Sources: Euroclear Sweden and SIS Ägarservice
### Majority-owned companies

<table>
<thead>
<tr>
<th>Country</th>
<th>Trademark</th>
<th>Ownership</th>
<th>Service</th>
<th>Market position</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lithuania</td>
<td>Omnitel, Ezys</td>
<td>100%</td>
<td>Mobile</td>
<td>1</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>TEO</td>
<td>88.2%</td>
<td>Broadband</td>
<td>1</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>TEO</td>
<td>88.2%</td>
<td>Fixed Voice</td>
<td>1</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>TEO</td>
<td>88.2%</td>
<td>TV</td>
<td>1</td>
<td>24%</td>
</tr>
<tr>
<td>Latvia</td>
<td>LMT, Okarte, Amigo</td>
<td>60.3%</td>
<td>Mobile</td>
<td>1</td>
<td>43%</td>
</tr>
<tr>
<td>Estonia</td>
<td>EMT, Diil</td>
<td>100%</td>
<td>Mobile</td>
<td>1</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>Elion</td>
<td>100%</td>
<td>Broadband</td>
<td>1</td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td>Elion</td>
<td>100%</td>
<td>Fixed Voice incl. VoIP</td>
<td>1</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>Elion</td>
<td>100%</td>
<td>TV</td>
<td>1</td>
<td>34%</td>
</tr>
<tr>
<td>Spain</td>
<td>Yoigo</td>
<td>76.6%</td>
<td>Mobile</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Kcell, Activ</td>
<td>61.9%</td>
<td>Mobile</td>
<td>1</td>
<td>47%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Azercell</td>
<td>38.1%</td>
<td>Mobile</td>
<td>1</td>
<td>52%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>Ucell</td>
<td>94%</td>
<td>Mobile</td>
<td>2</td>
<td>43%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Tcell</td>
<td>60%</td>
<td>Mobile</td>
<td>1</td>
<td>36%</td>
</tr>
<tr>
<td>Georgia</td>
<td>Geocell, Lailai</td>
<td>74.3%</td>
<td>Mobile</td>
<td>1</td>
<td>42%</td>
</tr>
<tr>
<td>Moldova</td>
<td>Moldcell</td>
<td>74.3%</td>
<td>Mobile</td>
<td>2</td>
<td>33%</td>
</tr>
<tr>
<td>Nepal</td>
<td>Ncell</td>
<td>60.4%</td>
<td>Mobile</td>
<td>1</td>
<td>53%</td>
</tr>
</tbody>
</table>
> Markets and brands

## Associated companies

<table>
<thead>
<tr>
<th>Country</th>
<th>Trademark</th>
<th>Ownership</th>
<th>Service</th>
<th>Market position</th>
<th>Market share¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>Lattelecom</td>
<td>49%</td>
<td>Broadband</td>
<td>1</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>Lattelecom</td>
<td>49%</td>
<td>Fixed Voice incl. VoIP</td>
<td>1</td>
<td>74%</td>
</tr>
<tr>
<td></td>
<td>Lattelecom</td>
<td>49%</td>
<td>TV</td>
<td>1</td>
<td>34%</td>
</tr>
<tr>
<td>Russia</td>
<td>MegaFon</td>
<td>25.2%</td>
<td>Mobile</td>
<td>2</td>
<td>27%</td>
</tr>
<tr>
<td>Turkey</td>
<td>Turkcell</td>
<td>38%</td>
<td>Mobile</td>
<td>1</td>
<td>52%</td>
</tr>
</tbody>
</table>

¹ In Broadband and Fixed Voice TeliaSonera’s market share estimate is based on the share of revenues where data is available, and number of subscriptions where no data is available. In Mobile the market share is based on the number of subscriptions except for subsidiaries in Eurasia where it is based on interconnect traffic. For TV market share is based on the number of pay-TV subscriptions of cable TV, satellite TV, terrestrial TV and IPTV. For Russia, market share is based on information from ACM Consulting. For Turkey, market share is based on information from ICTA.

² TeliaSonera owns 50 percent of DLG Tele and controls the company.
Our operations

Enabling communication for people and business

TeliaSonera enables people and businesses to work, play and communicate across the Nordic and Baltic countries, Spain, and the emerging markets of Eurasia.

- Mobility Services
  Mobility Services provides mobile communication services for consumers and businesses. Services include mobile voice and data, mobile content, Wi-Fi hotspots, mobile broadband and Wireless Office. This includes mobile operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.

- Broadband Services
  Broadband Services provides communication and entertainment services to homes and offices in the Nordic and Baltic countries. It operates the group’s common core network and the International Carrier wholesale network. Services include broadband over copper, fiber and cable, TV, voice-over-internet, home communications services, IP VPN/business internet, leased lines and traditional telephony.

- Eurasia
  Eurasia provides mobile voice services and is the leading provider of high-speed mobile internet connections in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The business area is also responsible for TeliaSonera’s shareholding in Russia’s MegaFon and Turkey’s Turkcell.
Mobility Services – Enabling life online

Schenker – 4G on the road
Data access on the move is essential for both private and business users. International logistics company DB Schenker in Sweden has fully embraced 4G capabilities. All its sales staff are equipped with the technology, giving them high-speed access to internal IT services out in the field. Now they can secure service quality on the spot, scheduling shipments, checking fleet availability, adjusting quotes and more.

According to Schenker, the services have opened up new possibilities, giving employees greater flexibility and improving the efficiency of operations. The bottom line: improved efficiency and a stronger competitive advantage.

Schenker, a market leader, has operations all over Sweden, a nationwide network and frequent departures. This puts high demands on its telecom services. The company appreciates the fact that TeliaSonera offers good coverage throughout the country with 4G available not only in the large cities, but also in the countryside.

More than just talk
Checking e-mail, surfing the web, reading news, connecting on Facebook and LinkedIn, streaming music with Spotify. These are just some of the basic activities for the 90 percent or so of our customers who use smartphones. This is the new reality, and we are spearheading an industry move towards a data-focused business. We accelerated this change during 2012 and we now offer ‘bucket’ price plans in all markets. This means customers pay a fixed fee that includes voice calls, text messages and data usage up to a certain level. This approach matches what customers want to do, and makes life simpler for them.
Mobility with ability

How rich and rewarding your mobile experience is depends on what you can do – and how well things work. Speed is important, and the roll-out of our 4G networks continued during 2012. They now cover most of the Nordic region and many large cities in the Baltic region.

For our customers, an excellent mobile experience means having greater choice, with direct access to leading content and a network that makes these services shine. We are focusing strongly on partnering with the very best content application providers. During 2012 we extended our premium partnership with Spotify to include customers in Denmark, Norway and Spain. We also signed new agreements to give customers privileged access to HBO movies and the Storytel audiobook streaming service.

The flexibility of mobile payment is essential to our customers. In 2012 we launched the WyWallet service in Sweden, in partnership with other leading operators. WyWallet enables safe and simple mobile payment via SMS, online and in shops and restaurants. Similar activities have also been started in Norway and Denmark.

Anytime, anywhere

True mobility means the freedom to be online when you’re abroad too. In 2011 we introduced Surf Abroad, enabling low-priced data roaming abroad with cost control to avoid bill shocks. In 2012 we brought radical price reductions to new destinations. The service now covers important destinations such as EU and EEA, Croatia, Turkey, Russia, USA, Canada and Thailand.

The internet of things

During 2012 we made further progress in improving services by empowering machines to communicate with each other. We already enable electricity meters in several countries to send automated readings, and in 2012 we signed our first contract for this service in Estonia. Other applications for machine-to-machine communication, also known as ‘the internet of things’, include automated alerts to restock vending machines or to empty recycling stations.

This is just the beginning. We are working to simplify many more areas of life through the power of connectivity.

Towards sustainable networks

Minimizing environmental impact is everyone’s concern. We are working to consolidate and centralize our network nodes to fewer systems and locations. This will reduce power consumption in our core networks sites, and require less traveling for technicians.
SMS – more than just a short text message

In the beginning, no one knew what impact SMS would have. The first SMS, sent in 1992, was a simple Christmas greeting. Today’s advanced SMS services can work in combination with websites to create real benefits for whole societies.

Maja Söderberg is a young entrepreneur living the village of Tolg, southern Sweden. Like many parts of rural Sweden, Tolg has a lack of accessible communication. Buses go once or twice a day, and people rely heavily on cars to solve their daily logistics. Most families have two cars. Maja wondered about the possibility of creating a mobile-enabled commuting service using SMS.

One year on

When Maja presented her idea, it only took her brother a couple of days to create a solution, including a website, which used SMS to arrange commuting for the villagers. The scheme was a success to say the least. In the first year, the participants traveled a combined distance equal to circumnavigating the globe.

The service, “Mobilsamåkning”, won an award last year for the most innovative solution for rural areas in Sweden. The idea is now being picked up by other rural communities in Sweden.

“We use SMS as senior citizens and children often don’t have smartphones,” Maja Söderberg explains. "The website is adapted for easy accessibility by mobile phone."

Catalyst for development

The commuting service doesn’t just save travel time and reduce car usage. It has also been a catalyst for society, enabling residents to meet more frequently, and generating many new ideas. Some villages are now considering buying a car together for commuting purposes instead of owning two cars each. The Tolg community has also now started a center for small businesses, which currently hosts seven companies.
Broadband Services – Unlocking the TV

Play+ – Watch TV when and where it suits you

Broadband used to be mostly about internet and e-mail. Today, people want much more from it. Increasingly, they want broadband to provide entertainment.

One of the great advantages of video via broadband is the freedom to watch when it suits you. Now Swedes have the freedom to watch where it suits them too, thanks to our Play+ service.

Today’s busy lifestyles make it difficult for many people to follow a series. Play+ lets them access their TV channel package from wherever they are, as well as a wide selection of movies to rent. They no longer need to miss a thing. TV has traditionally been about the TV set in your living room. Now you just need a screen – any screen – and a broadband connection.

The Play+ service was launched in 2012. It gives IPTV subscribers access to their subscribed channels plus a wide selection of movies to rent, via computer, tablet or smartphone. The pilot phase gave access via Mac and PC.

An explosion in choice

Choice is important to our customers. A key development during 2012 was the launch of online video services in Europe by entertainment providers including HBO and Netflix. Now customers have the freedom to access these services via our network, as a complement to our own entertainment offering. This is just the start – many more such services will be added in the near future.
A smarter way

Simplicity is highly valued by customers when it comes to entertainment services. Many people want to reduce the clutter of devices linked to their TV. During 2012 we made it possible for customers with a Samsung Smart TV to access our services without the need for a set-top box. Estonia was the first country to launch the service in December. Sweden and Finland are to follow in 2013.

Another attractive IPTV feature for our customer is the possibility to watch TV content whenever they want. The on-demand services are widely used by our customers – around 60 percent use catch-up every month and approximately 250,000 movies are watched on demand every month. Our customers watch around 30,000 different programs every month demonstrating the strenght of our many libraries.

Enhancing the network

Video via internet is now an established fixture in our customers’ lifestyles. It is also by far the biggest driver of demand for network capacity. To develop the experience and support new possibilities, we further enhanced our networks during 2012. Around 28 percent of our customers are now connected via fiber in the Nordic and Baltic region. Close to 40 percent of the residents sign up for fiber as soon as it becomes available in their area.

We further enhanced copper networks during 2012. More customers can now connect via VDSL2 technology, which enables speeds up to 60 Mbit/s and better supports multiple HDTVs, online gaming and on-demand services.

Enabling flexible business

Today’s businesses value easy access to important information, and the ability to hold meetings without the need to travel. During the year, we further improved our services for cloud storage and virtual meetings, with the aim of providing the flexibility of an any-screen experience. Reliable, high quality networks with robust security are vital for developing these services into critical business tools.

Connectivity across borders is essential for business. In 2012 we launched a single multi-service Ethernet platform for the Nordic region, providing consistently high quality of service across Sweden, Norway, Denmark and Finland. Ethernet Nordic offers flexible bandwidth, from 2 Mbps up to 1 Gbps.

Bringing images to the world

The internet is becoming the solution of choice for TV broadcasters. They appreciate the speed, ease and value for money it provides. The broadcast services of TeliaSonera International Carrier enabled customers to save even more time and money in 2012. During the year, TeliaSonera International Carrier helped bring coverage of the Olympic Games to 40 countries and became the main carrier to Facebook in Europe.
Eurasia – connecting communities to the world

In Tajikistan, many women have started small businesses in agriculture or handicrafts. For thousands of small business owners the mobile phone is an essential enabler. It helps bridge the distances in a mountainous country where roads are often poor. Tcell is Tajikistan’s largest operator, with more than 30,000 companies as customers.

The mobile phone is essential to Tajikistan’s future. In fact, GDP increased by 3 percent when the country achieved a developed mobile infrastructure. The mobile phone is helping create a living network for developing business.

Eurasia goes online
Today there are growing numbers of people eager for the rich services that mobile internet can offer. There was significant growth in data traffic volumes in 2011, and this development continued with increased momentum during 2012. During 2012, data traffic grew by over 300 percent compared to 2011, and data traffic per user was 3.3 times higher. Data accounted for 8.2 percent of total revenues, up from 6.6 percent for the same period in 2011.

“The mobile phone is essential to Tajikistan’s future. In fact, GDP increased by 3 percent when the country achieved a developed mobile infrastructure.”
We continued our focus on network roll-out in order to support the services people want into the future. Voice services and text messaging still account for most network usage, with cost-conscious customers driving sales of prepaid phone cards and basic handsets. However, growing use of smartphones will fuel the demand for data offerings as data penetration increases and the markets mature.

**Stepping up to 4G**

Customers now have access to 3G services in all the Eurasian countries we serve. Azercell in Azerbaijan became the first operator to launch 4G, in June 2012, enabling high-speed mobile internet with speeds up to 100 Mbps. Moldcell in Moldova followed with a commercial launch at the end of the year. Other markets are now ramping up to launch 4G services.

**Enhancing the customer experience**

Our customers – both business and private – have high expectations in terms of always-on services and connectivity. There is increasing demand for new services such as mobile payment and social networking. Providing a world-class service level is essential. To secure this, we defined our customer promise during 2012, specifying the services and service levels our customers can expect at every stage of their journey with us. We have launched a continuing improvement program including staff training, customer-centric cultural change, customer feedback collection and performance measurement.

During 2012 we also increased investment in areas such as 24/7 customer service, convenient self-service channels and addressing customer needs over social networking services such as Twitter and Facebook.

![Image of data traffic growth](image-url)

During 2012, data traffic grew by over 300% compared to 2011.
Sustainability

TeliaSonera committed to a sustainable business

TeliaSonera is committed to the United Nations’ Universal Declaration of Human Rights and the core conventions of the International Labor Organization.

In 2012, the TeliaSonera Board made the commitment to follow the OECD Guidelines for Multinational Enterprises. These are incorporated into our Code of Ethics and Conduct. In February 2013 we also became a signatory to the United Nation’s Global Compact. This policy document covers TeliaSonera and all majority owned companies.

TeliaSonera’s sustainability work involves:
- respecting human rights
- complying with ethical business practices in all markets
- improving the protection of customer privacy
- ensuring environmental and social sustainability along our supply chain
- taking care of the well-being of our employees
- reducing our environmental footprint and those of our customers
- protecting children online
- supporting research related to exposure to electromagnetic fields

“We firmly believe that we make a considerable contribution to the people and countries we operate in, by providing affordable telecom services and investing in important infrastructure.”
We firmly believe that we make a considerable contribution to the people and countries we operate in, by providing affordable telecom services and investing in important infrastructure. Mobile communications account for 3.0 to 9.5 percent of the GDPs of the Eurasian countries where we operate and research clearly shows the correlation between increasing mobile penetration in developing countries and economic development.

Our annual Employee Commitment Survey (ECS) in 2012 again showed the high level of commitment of our employees, with an overall score of 74 out of a maximum possible 100.

**Criticized investments**

In 2012 TeliaSonera’s investments in Eurasia was criticized. The most serious allegations were related to our investments in licenses and frequencies in Uzbekistan from 2007 onwards. In response to the criticisms our Group Management has further intensified its focus on sustainability issues.

**Industry dialogue established**

We are a founding member of the industry dialogue established among telecom companies to develop guiding principles on actions to be taken when their operations risk being used for violations of freedom of expression and privacy. These principles were published in March 2013, and the members of the dialogue are working on their implementation.

**Anti-Corruption Policy**

During 2012 TeliaSonera prepared a new Group Anti-Corruption Policy and to further enhance our anti-corruption and human rights work and ensure compliance with our Code of Ethics and Conduct, we have produced a new e-learning tool in 2012 for use from 2013. All TeliaSonera employees will receive training.

**Human rights impact assessment**

We have strengthened our operational management of sustainability risks. We conducted a detailed risk assessment to ensure that we have adequate policies and procedures in place for managing material risks, and to identify areas for improvement.

Together with the Danish Institute for Human Rights we have conducted a Human Rights Impact Assessment (HRIA) to analyze risks which could lead to TeliaSonera being involved in human rights violations and take appropriate action to mitigate these risks.
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TeliaSonera provides network access and telecommunication services that help our customers communicate in an easy, efficient and environmentally friendly way. International strength combined with local excellence is what makes us truly unique – and provides a world class customer experience, all the way from the Nordic countries to Nepal.