

TELIASONERA AB  
Form 6-K  
February 26, 2003

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**Pursuant to Rule 13a-6 or 15d-16 of  
The Securities Exchange Act of 1934**

**February 20, 2003**

**TeliaSonera**

(Exact name of registrant as specified in its charter)

**Marbackagatan 11 S-123 86 Farsta, Sweden**

(Address of principal executive offices)

**0-30340**

(Commission File Number)

Indicate by check mark whether the registrant files or will file  
annual reports under cover of Form 20-F or Form 40-F:

Form 20-F / x /      Form 40-F / /

Indicate by check mark whether the registrant by furnishing the  
information contained in this form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes / /      No / x /

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Year-End Report

January-December 2002

TeliaSonera ab (publ), SE-123 86 Farsta, Corp. Reg. No. 556103-4249, Registered office: Stockholm

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This review comprises the pro forma figures for the merged TeliaSonera including consolidated Baltic operations

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This review comprises Telia Group including pre-merger Telia Business Areas

**3. Full-year review of Sonera stand-alone**

This review comprises Sonera Group including pre-merger Sonera Business Areas

**4. Review of the TeliaSonera Group, legal**

This review comprises Telia, stand-alone with the addition of one month Sonera and consolidated Baltic operations following the merger in December

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Year-End Report

January December 2002

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Merger of Telia and Sonera completed in December 2002

Pro forma highlights 2002

- Net sales in level with previous year. Telia and Sonera stand alone net sales increased 5% and 6% for comparable units, respectively
- Underlying ebitda increased to msek 24,573 (21,768), margin increased to 30.3% (26.9)
- Strong free cash flow of msek 9,539 (-7,008)
- Strong mobile growth and improved profitability in all Nordic markets. Record high margins of 50% in Swedish (Q4) and Finnish (full year) mobile operations. Strong growth in mobile operations in Fintur, Turkcell and MegaFon
- Swedish fixed network operations report high 37.4% (36.5) underlying ebitda margin, despite decrease in revenues
- Costs totaling msek 53,278 for restructuring and streamlining efforts, primarily within international 3G operations, International Carrier, and the Danish fixed network operations impacted operating income which fell to msek 46,859 (9,586)
- Dividend is proposed to increase to sek 0.40 per share (total of sek 0.20), reflecting the intention to increase dividend annually

TeliaSonera pro forma\* - Review of Earnings

|  | January-December |      |        |        |
|--|------------------|------|--------|--------|
|  | 2002             | 2001 | 2002   | 2001   |
|  | msek             | msek | meur** | meur** |
|  |                  |      |        |        |

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|                              |         |        |        |       |
|------------------------------|---------|--------|--------|-------|
| Net sales                    | 80,979  | 80,925 | 8,809  | 8,803 |
| Change in net sales (%)      | 0.1     | 9.3    | 0.1    | 9.3   |
| Underlying ebitda            | 24,573  | 21,768 | 2,673  | 2,368 |
| Underlying ebitda margin (%) | 30.3    | 26.9   | 30.3   | 26.9  |
| Operating income             | -46,859 | 9,586  | -5,098 | 1,043 |
| Free cash flow               | 9,539   | -7,008 | 816    | -762  |
| capex                        | 11,459  | 21,189 | 1,216  | 2,305 |

\* Assuming a 100% ownership of Sonera and excluding Telia's Finnish mobile operations and Swedish cable TV operations

\*\* For convenience only, conversion rate: SEK 1 = EUR 0,1088

Comments from Anders Igel, President and CEO of TeliaSonera

A Landmark Year

"We closed 2002 with the successful merger of two strong businesses and with significantly increased margins within the mobile operations across the Nordic area and the fixed services in Sweden."

"We also took the necessary steps to remedy under-performing operations in International Carrier, Denmark, and Group 3G by restructuring those businesses. While the substantial write-downs explain negative impacts to net income, the steps we took allow us to focus on integration into one company with better opportunities to develop strong underlying performance across all operations."

"Going forward, customer orientation aimed at revenue generation and conscious efforts to produce competitive cost levels put TeliaSonera in position to produce opportunities for future cash flow and profit improvements."

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1) Review of the TeliaSonera Group, pro forma

The TeliaSonera Group showed strong growth in mobile communications, Internet and broadband in the home market, the Nordic countries and the Baltic states, and strong growth in the mobile operations in Eurasia. International Carrier also achieved increased sales despite market turbulence. Fixed telephony sales fell during the year.

Net sales for the Group was in level with 2001, at sek 80,979 million. For comparable units the increase in sales was approximately 5 percent, taking into account divested operations and the consolidation of the Fintur mobile operations in Eurasia.

| Pro forma*                                 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 | Jan<br>Dec<br>2000 |
|--|--------------------|--------------------|--------------------|
| MSEK                                       |                    |                    |                    |
| Condensed Income<br>Statements             |                    |                    |                    |
| Net sales                                  | 80,979             | 80,925             | 74,070             |
| Underlying ebitda                          | 24,573             | 21,768             | 20,681             |
| Operating income                           | -46,859            | 9,586              | 20,852             |
| Income after financial<br>items            | -47,757            | 5,253              | 20,382             |
| Net income                                 | -29,916            | 2,143              | 15,239             |
| Pro forma*                                 | Dec<br>31,<br>2002 |                    |                    |
| MSEK                                       |                    |                    |                    |
| Condensed Balance<br>Sheets                |                    |                    |                    |
| Fixed assets                               | 172,664            |                    |                    |
| Current assets                             | 34,157             |                    |                    |
| Total assets                               | 206,821            |                    |                    |
| Shareholders' equity                       | 108,834            |                    |                    |
| Minority interests                         | 5,120              |                    |                    |
| Provisions                                 | 18,406             |                    |                    |
| Long-term loans                            | 32,256             |                    |                    |
| Short-term loans                           | 12,608             |                    |                    |
| Non-interest-bearing<br>liabilities        | 29,597             |                    |                    |
| Total equity and<br>liabilities            | 206,821            |                    |                    |
| Pro forma*                                 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 | Jan<br>Dec<br>2000 |
| MSEK                                       |                    |                    |                    |
| Condensed Cash Flow<br>Statements          |                    |                    |                    |
| Cash flow from operating<br>activities     | 21,198             | 14,181             | 14,405             |
| Intangible and tangible<br>assets acquired | -11,459            | -21,189            | -20,515            |
| Free cash flow                             | 9,539              | -7,008             | -6,110             |

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|                                     |         |         |         |
|-------------------------------------|---------|---------|---------|
| Other investing activities          | 6,692   | 35,200  | -23,491 |
| Cash flow from investing activities | -3,967  | 14,011  | -44,006 |
| Cash flow from financing activities | -20,845 | -20,511 | 63,971  |
| Cash flow for the period            | -4,414  | 7,681   | 34,370  |

\* Assuming a 100% ownership of Sonera and excluding Telia's Finnish mobile operations and Swedish cable TV operations

TeliaSonera improved profitability during 2002. Stronger earnings and increased margins in Sweden and Finland as well as the mobile operations in Norway, Denmark, the Baltic states and Eurasia had a positive effect on underlying ebitda, which improved to sek 24,573 million (21,968) and on the margin, which climbed to 30.3 percent (26.9).

During the year, aggregate costs for restructuring and streamlining efforts totaled sek 53,278 million. The write-down of the UMTS investments in Germany, Italy and Spain amounted to sek 39,870 million. Costs impacted operating income, which fell to sek 46,859 million (9,586). Not including write-downs, restructuring costs, capital gains and other items not reflecting underlying business operations, operating income improved to sek 6,419 million (-1,514).

Major investments in recent years and more effective investment management resulted in lower capital expenditure levels. During the year, capex decreased 46 percent to sek 11,459 million (21,189).

Improved underlying ebitda and the low level of investment generated strong free cash flows of sek 9,539 million (-7,008).

TeliaSonera Group's financial position was strong in 2002. At year-end, the Group's net debt (long-term and short-term loans less short-term investments and cash and bank) was sek 38,075 million, the debt/equity ratio was 0.23 and the equity/assets ratio was 51.7 percent. After the merger, Standard & Poor's former "A+" credit rating for Telia and "BBB" credit rating for Sonera resulted in an "A" rating for long-term borrowing with continued risk for possible downgrading for TeliaSonera ab. Moody's assigned A2 for long-term borrowing with negative outlook. The changes still represent solid ratings that are not expected to affect TeliaSonera's costs or ability to finance operations in the short to medium term.

Following the merger between Telia and Sonera the Group also consolidates the following companies; Lietuvos Telekomas and UAB Omnitel in Lithuania and Latvijas Mobilais Telefons in Latvia. TeliaSonera also has significant holdings in Eesti Telekom and Lattelekom (Latvia). The Baltic companies have significant market positions in their respective countries both within fixed and mobile operations. The consolidated companies have contributed to the financial performance of TeliaSonera, as follows.

| MSEK              | Telia   | Sonera  | Baltic entities | Adjustments | Pro forma 2002 |
|-------------------|---------|---------|-----------------|-------------|----------------|
| Net sales         | 57,138  | 20,505  | 6,199           | -2,863      | 80,979         |
| Underlying EBITDA | 14,909  | 7,280   | 3,036           | -652        | 24,573         |
| Operating income  | -10,900 | -35,001 | 1,396           | -2,354      | -46,859        |

|                             |       |       |       |        |       |
|-----------------------------|-------|-------|-------|--------|-------|
| Underlying operating income | 3,582 | 3,795 | 1,396 | -2,354 | 6,419 |
|-----------------------------|-------|-------|-------|--------|-------|

In the subsequent sections, Telia and Sonera are described on a stand-alone basis, as in the table above.

## 2) Full Year Review of Telia stand-alone

Net sales for the Telia Group during 2002 maintained its 2001 level at sek 57,138 million (57,196), but comparable sales increased 5 percent after divested businesses are taken into account.

Telia had strong growth within Mobile, Internet Services and International Carrier. Sales of fixed telephony dropped due to the introduction of local carrier pre-selection in Sweden and weak growth in the market overall.

| MSEK  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan-<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|---------------------|
| Net sales   | 14,411             | 14,970             | 57,138             | 57,196              |
| Underlying ebitda   | 3,666              | 3,133              | 14,909             | 12,915              |
| ebitda margin (%)   | 25.4               | 20.9               | 26.1               | 22.6                |
| Depreciation,<br>amortization etc.                        | -3,434             | -6,285             | -20,202            | -13,975             |
| Items not reflecting<br>underlying business<br>operations | -1,185             | 322                | -5,986             | 384                 |
| Income from<br>associates                                 | 46                 | 3,746              | 379                | 6,136               |
| Operating income  | -907               | 916                | -10,900            | 5,460               |
| Investments   | 2,449              | 5,157              | 9,095              | 20,735              |
| of which capex  | 2,425              | 4,849              | 8,321              | 17,713              |

Improved earnings and stronger margins within Mobile, Internet Services, the Swedish fixed network operations and International Carrier had a positive impact on the Group's underlying ebitda, which improved 15 percent to sek 14,909 million (12,915), and the margin, which improved from 23 to 26 percent. The Danish fixed network operations developed in a less satisfactory direction.

Major restructuring costs and write-downs were taken in order to facilitate a turn-around of unprofitable operations, primarily International Carrier and the Danish fixed network operations. Costs were also incurred for Swedish efficiency programs, totaling sek 631 million.

Restructuring costs totaled sek 5,924 million and write-downs totaled sek 9,700 million, affecting operating income, which dropped to sek 10,900 million (5,460). Not including write-downs, restructuring costs, capital gains and other items not reflecting underlying business operations, operating income improved to sek 3,582 million (1,011).

Reduced investments in International Carrier and in the fixed network in Sweden as well as a somewhat lower level of investment in the mobile operations resulted in decreased capex of sek 8,321 million (17,713).

Improved underlying ebitda and a low level of investment led to increased free cash flow, which in turn reduced net interest-bearing liability to sek 6,218 million (10,661).

#### Efficiency Programs in 2002

Telia carried out a major efficiency program during the year. Efforts in Sweden were mainly focused on the sales and distribution channels, concentrating customer services in fewer locations, streamlining the delivery process and increasing sales of standardized products and services through web and interactive voice response. Products with unsatisfactory profitability were removed as offerings.

The restructuring measures in Danish operations and International Carrier reduced the number of employees by more than 200.

In 2002 the number of employees in Telia decreased by 1,141, of which 774 were inside Sweden. An additional 323 employees within Resources and Redeployment were identified as redundant at year-end. The number of consultants used as employee substitutes has during the year been brought down by almost 50 percent to 400.

The measures taken thus far have had a positive impact on earnings for 2002, although the full impact will become evident in 2003 as the efficiency program continues.

#### Telia Mobile Improved profitability in all Nordic markets, continued strong customer growth

Telia Mobile operations showed positive development during the year across its Nordic footprint. External net sales increased 13 percent during 2002, spurred by customer growth and increased traffic. The number of customers in the Nordic operations increased by 522,000 to 5,458,000 during the year. Fourth quarter sales increased 7 percent.

| MSEK  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 5,424              | 5,138              | 21,638             | 19,830             |
| of which external   | 5,032              | 4,714              | 20,163             | 17,857             |
| Underlying ebitda   | 1,732              | 1,089              | 6,123              | 4,705              |
| ebitda margin (%)   | 32.0               | 21.2               | 28.3               | 23.7               |
| Depreciation,<br>amortization etc.                        | -1,547             | -886               | -4,422             | -3,385             |
| Items not reflecting<br>underlying business<br>operations | 29                 | -2                 | -357               | -49                |
| Income from<br>associates                                 | 109                | 137                | 321                | 361                |
| Operating income  | 323                | 338                | 1,665              | 1,632              |
| Investments   | 593                | 1,672              | 2,605              | 4,979              |

|                |     |       |       |       |
|----------------|-----|-------|-------|-------|
| of which capex | 608 | 1,314 | 2,369 | 4,341 |
|----------------|-----|-------|-------|-------|

Volume growth combined with streamlining efforts led to a 30 percent improvement in underlying ebitda, and the margin was strengthened to 28 from 24 percent. Fourth quarter underlying ebitda climbed 59 percent, while the margin improved to 32 percent (21).

In the fourth quarter, a write-down of sek 536 million was taken against Telia's Finnish mobile operations to reflect estimated market value.

Furthermore, Telia has tested its investment in NetCom for impairment. As a result, management estimates that grounds do not exist for recording writedowns as of December 31, 2002.

In 2002, items not reflecting underlying business operations was affected by restructuring costs of sek 201 million, including provisions for redundant personnel.

Income from associated companies decreased mainly due to start-up costs from newly established operations in the company's Russian mobile operator, MegaFon.

Operating income increased slightly during the year. Not including write-downs, items not reflecting underlying business operations, and capital gains, operating income improved to sek 2,538 million (1,814) in 2002, and improved to sek 830 million (334) in the fourth quarter.

Telia Mobile's investments decreased in 2002. The greater part of those investments targeted expanding network capacity in Norway, Denmark, and Sweden. The high level of investment in the comparable year is attributable to the acquisition of a 3G license in Denmark.

Telia's and Tele2's equally owned network company, Svenska UMTS-nät AB, has a loan agreement with a group of banks for sek 11 billion in loans and credit on current account for the 3G build out in Sweden. The build out and financing of the UMTS network in Sweden is proceeding according to plan. The financing facilities were not used by the end of the year.

#### Continued customer growth and improved profitability in Sweden

Mobile telephony net sales in Sweden increased 5 percent, though the average price level fell 4 percent during the year, largely due to reduced interconnect fees. Fourth quarter sales fell 1 percent due to the price cut for interconnect traffic fees on October 1, 2002, and the increased number of prepaid card customers.

The number of customers during the year increased by 165,000 to 3,604,000. The number of prepaid card customers increased by 251,000 while the number of subscription customers fell by 86,000. The number of customers via service providers increased by 14,000 to 88,000. From fourth quarter 26,000 Halebop customers are classified as Telia Mobile customers instead of customers via service providers.

The average monthly traffic volume per customer climbed during the year to 130 minutes (127), and SMS messages rose 25 percent.

Reduced interconnect fees and an increased share of prepaid customers led to a drop in the average revenue per user (arpu), to sek 277 (285).

Churn increased to 12 percent (8) but remains low compared internationally.



Positive traffic development and continued streamlining resulted in a 7 percent improvement in underlying ebitda for the year, and the margin improved to 46 percent (44). In the fourth quarter underlying ebitda climbed 15 percent, and the margin was strengthened to 50 percent (44).

Two new types of subscriptions were launched in the business segment in order to increase customers' range of choices. Several new mobile data services were also introduced on the market. At year-end, Telia had gprs roaming agreements with most countries in Europe and with the United States.

During the year Telia initiated a 3G mast collaboration program that will facilitate the expansion of UMTS networks in Sweden and trim costs by reducing the number of masts needed.

During the year the company collaborated with Microsoft, WM-data, and others to develop solutions that provide a company's employees with access to their intranet from a mobile phone.

During the year Telia HomeRun, which is the largest W-LAN operator in Europe with more than 500 "hot spots" in the Nordic area, introduced the first commercial W-LAN roaming service with operators in Italy and the UK.

#### Continued strong growth and improved earnings in Norway

In Norway external net sales in mobile telephony rose 28 percent. The number of customers increased by 118,000 to 1,088,000, while the number of customers activated via service providers fell by 22,000 to 90,000. Simple and attractive customer offers and an increased share of subscription customers had a positive effect on both traffic volume and arpu. Fourth quarter sales surged 29 percent.

During the year, the average traffic volume per customer per month increased to 156 minutes (136) and arpu climbed to nok 345 (310). SMS usage increased 51 percent during 2002.

Customer growth, increased traffic volume per customer and cost-cutting measures resulted in improved underlying ebitda and the margin increased to 39 percent (32). In the fourth quarter, underlying ebitda climbed 42 percent, and the margin improved to 33 percent (30).

To promote and simplify the use of mobile communications, a new price structure was implemented, allowing customers to pay the same price, regardless of where or when they make calls.

#### Strong customer growth and improved profitability in Denmark

Net sales in Denmark increased 35 percent during the year, and fourth quarter net sales increased 50 percent.

New subscriptions continued to expand, as customers increased by 178,000 to 466,000.

During the year, SMS messages increased 185 percent. arpu and the monthly number of traffic minutes per customer also showed positive development compared with the preceding year.

The strong increase in sales led to improved underlying ebitda. In the fourth quarter the underlying ebitda climbed significantly.

Simple and attractive subscriptions for both consumer and business customers formed the base for the substantial customer growth during the year. The GSM network was completed during the year, enabling Telia to offer services at attractive prices nationwide.

#### Sales growth and improved profitability in Finland

Mobile telephony sales for Telia Mobile Finland increased 44 percent. The number of customers rose 61,000 to 300,000, primarily within the prepaid card segment. Fourth quarter sales increased 24 percent.

SMS messages increased 44 percent for 2002. Both the number of traffic minutes per customer and ARPU increased during the year.

Underlying ebitda improved due to increased revenues and decreased costs that resulted from a roaming agreement with Suomen 2G. In the fourth quarter the operation was underlying ebitda positive.

During the year, 31 of Telia's 85 retail shops in Finland were sold off.

The Finnish mobile operations are currently being divested as a EU condition of the merger.

#### Strong customer growth in the Baltic states and Russia

The mobile operator companies in Russia and the Baltic states continued to show positive development and the aggregate customer base surged 2,577,000 to 4,782,000 during the year. Customer growth was strongest in Russia. As of year-end, MegaFon had 3,030,000 customers.

As of December 1, 2002, TeliaSonera is the majority shareholder in the companies Omnitel in Lithuania and Latvijas Mobilais Telefons in Latvia.

#### Telia Internet Services Strong growth, sharper concentration on access business

Internet Services showed continued healthy growth in 2002 and earnings continued to improve. External net sales increased 27 percent on higher average price levels and continued strong demand for broadband access. The average price level climbed 6 percent during the year. Fourth-quarter sales surged by 19 percent.

Internet services that did not show satisfactory profitability, such as content services, portal services and payment services, were restructured or removed from the product mix. Telia instead increased its focus on development and sales of Internet accesses, where Telia has particular competence and a strong market position.

|                   | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| MSEK              |                    |                    |                    |                    |
| Net sales         | 1,149              | 968                | 4,206              | 3,305              |
| of which external | 1,147              | 963                | 4,174              | 3,288              |

|   |      |       |        |        |
|---|------|-------|--------|--------|
| Underlying ebitda                                   | -80  | -223  | -486   | -970   |
| ebitda margin (%)                                   | -7.0 | -23.0 | -11.6  | -29.3  |
| Depreciation, amortization etc.                     | -118 | -325  | -611   | -606   |
| Items not reflecting underlying business operations | -19  | -4    | -135   | -28    |
| Income from associates                              | -5   | -9    | -56    | -45    |
| Operating income                                    | -222 | -561  | -1,288 | -1,649 |
| Investments   | 115  | 231   | 418    | 903    |
| of which capex                                      | 110  | 231   | 384    | 836    |

Efficiency measures, reduced development costs and price increases in the cable TV business had a positive effect on Telia Internet Services underlying ebitda, which pared prior year losses by 50 percent. Fourth quarter underlying ebitda and operating income improved significantly over fourth quarter 2001.

Depreciation, amortization and write-downs for the year were on the same level as 2001, and included sek 173 million (178) for the write-down of systems and platforms for Internet services.

Restructuring costs, including provisions for redundant personnel, affected items not reflecting underlying business operations by sek 121 million.

Income from associated companies refers primarily to the e-commerce company Marakanda and includes the third quarter, sek 24 million, write-down of the company. In the beginning of 2003 TeliaSonera divested its shares in Marakanda.

Operating income improved for the year. Not including write-downs and items not reflecting underlying business operations, income improved by sek 458 million, to sek -980 million.

Reduced investment needs in the cable TV network and a new business model, in which the property owners take on a greater part of the network investments, led to a decreased level of investment.

#### Strong demand for accesses

Sales of Internet access surged 33 percent to sek 2,608 million. Broadband access represented the strongest growth. The number of ADSL customers increased by 123,000 to 317,000, while the number of Internet Cable customers increased by 47,000 to 153,000.

Demand for dial-up Internet access also increased, and the number of customers climbed by 21,000, to 857,000. The primary driver behind this growth was the new service, Telia Internet för Alla, which provides Internet access to any phone line subscriber with charges only for time used on the network. Telia has a commanding position on the Swedish Internet access market. At year-end, the market share within the consumer segment was estimated at 45 percent and within the business segment, at 50 percent. Telia is second in the Danish broadband market.

During the year, agreements were signed with parties including Apoteksbolaget, the Swedish National Courts Administration and SEB for delivery of virtual private networks based on the Internet (IP-VPN). During 2002, an IP exchange that handles both voice and data using the same infrastructure was commercially launched.

#### Cable TV

Sales in the cable TV business increased 17 percent to sek 1,316 million. The increase was mainly attributable to higher prices. Com hem in Sweden will be sold as stipulated by the EU in its approval of the merger with Sonera.

#### Telia International Carrier - New strategic focus aimed at positive cash flow

The international carrier market was characterized by major turbulence and uncertainty during the year. As a means to adapt the operations to new market conditions, a decision was made in the third quarter to change the strategic focus of Telia International Carrier. This entailed writing down the book asset value by sek 6,131 million.

| MSEK  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 1,320              | 1,271              | 5,188              | 4,632              |
| of which external   | 1,105              | 1,022              | 4,369              | 3,652              |
| Underlying ebitda   | -414               | -388               | -1,287             | -1,569             |
| ebitda margin (%)   | -31.4              | -30.5              | -24.8              | -33.9              |
| Depreciation,<br>amortization etc.                        | -92                | -3,284             | -5,960             | -3,589             |
| Items not reflecting<br>underlying business<br>operations | -1,130             | -1                 | -4,780             | -1                 |
| Income from<br>associates                                 | 0                  | 0                  | 0                  | 0                  |
| Operating income  | -1,636             | -3,673             | -12,027            | -5,159             |
| Investments   | 374                | 1,157              | 1,034              | 5,037              |
| of which capex  | 374                | 1,157              | 1,034              | 5,037              |

In the third quarter, the company announced sek 2,825 million in restructuring reserves, and estimated total restructuring reserves of sek 3,500 million. Continued review of the operations during the fourth quarter resulted in an additional sek 463 million in restructuring reserves, requiring sek 1,138 million to be reserved in the fourth quarter, and total restructuring reserves for the business of sek 3,963 million.

The new focus involves concentrating operations on wholesale capacity sales, IP, and voice over the profitable segments of the wholly-owned network in Europe and across the Atlantic Ocean. International Carrier will also continue to focus on transport of Internet traffic in the IP network through its peering points in Europe and the United States.

During the fourth quarter, measures were taken to adapt the operations to the new business direction.

- Operations in Asia are being closed down. The office in Malaysia was closed in January 2003 and the offices in Singapore and Hong Kong will be closed in March 2003.
- Phase-out of sales of domestic voice through resellers in the United Kingdom is underway. All customers have been notified and have received information about alternative solutions.
- A phase-out plan for the co-location business was drawn up in order to adapt the technical facilities to the new market conditions. Several offices in Germany and Sweden were phased out in the fourth quarter. These efforts are expected to be completed by the end of 2003.
- The offering of domestic capacity services in the United States expired and existing transmission equipment is being disassembled in order to reduce operating and monitoring costs.
- During the fourth quarter, several market units and customer service functions in Germany and England were centralized to Sweden.

The restructuring will be completed at the end of 2003 and is expected to enable Telia International Carrier to show positive cash flow on a monthly basis during 2003, adjusted for restructuring costs.

Despite significant surplus capacity on the market, Telia International Carrier had a relatively good earnings trend in 2002. External net sales increased 20 percent and across all product areas. Capacity increased 13 percent, IP grew 67 percent, and voice sales increased 17 percent. In the fourth quarter, sales grew 8 percent, despite holding off additional sales while the review of the operations was under way. New sales resumed at the end of the quarter, and the number of orders received has gradually increased.

The increase in sales improved underlying ebitda for the year. In the fourth quarter, underlying ebitda decreased as a result of sek 179 million in bad debt expenses, including a provision for doubtful receivables of sek 95 million. Not including bad debt expenses, underlying ebitda was sek 235 million for the fourth quarter, an improvement over both the previous quarter and fourth quarter 2001.

Depreciation, amortization and write-downs climbed for the year as fixed assets were written down by sek 5,307 million (3,027). Fourth quarter depreciation, amortization and write-downs totaled sek 92 million (3,284).

For 2002, items not reflecting underlying business operations included sek 3,963 million in restructuring reserves and the sek 824 million write-down of infrastructure and network capacity (IRUs). Only a minor part (sek 105 million) of the restructuring reserve had been utilized at year-end.

Operating income dropped for the year. Not including write-downs and the restructuring reserve, operating income improved by sek 191 million. Operating income improved in the fourth quarter compared to the same period in 2001. Not including write-downs and items not reflecting underlying business operations, operating income improved by sek 139 million compared with the same quarter of 2001.

The level of investment decreased during the year and investments were primarily related to network capacity needed in the wholly-owned European network due to customer demand.

Telia Networks High margins in Sweden, Danish refocus program continues

External net sales fell 7 percent compared with 2001 on declining revenues for end-customer operations in Sweden. Sales for comparable units fell 5 percent. Fourth-quarter external net sales for comparable units fell 8 percent, due to weaker growth in the wholesale operations as the year drew to a close.

Telia Networks underlying ebitda declined in 2002 due to losses in Denmark. The underlying ebitda margin was 33.5 percent (34.4).

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Underlying ebitda in the Swedish operations increased and underlying ebitda margin reached 37.4 percent (36.5), despite decreased revenues, and bad debt expense in the wholesale operations. Fourth quarter underlying ebitda margin was 38.0 percent (33.6).

Network operations in Denmark are subject to a refocus program. The operations will be focused on telephony sales to businesses and consumers and wholesale network capacity to operators and service providers, with a goal of positive underlying ebitda on a monthly basis, at the end of 2003. In the fourth quarter, unprofitable products, such as ADSL, customer premises equipment and some data products, have been discontinued or frozen. Frozen operations will continue to serve current customers. The number of employees has been reduced by 91 to 336 and the Danish operations no longer employ consultants and temporary staff, which has thereby been reduced by more than 100 people. In the third quarter the value of current assets was written down by sek 353 million, the value of fixed assets was written down by sek 2,786 million and provisions for restructuring costs were made of sek 286 million as a consequence of this refocus program. Early estimates in third quarter indicated a need for additional restructuring costs in the fourth quarter of sek 185-250 million. Following the continued refocusing during the fourth quarter, the company made provisions for further restructuring by sek 233 million. In addition, the company took further write-downs of current assets and made accounting adjustments, such as reclassification of leasing contracts, that totaled sek 346 million. Fixed assets were written down with an additional sek 247 million.

| MSEK  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 8,422              | 9,323              | 33,154             | 34,065             |
| of which external   | 6,860              | 7,687              | 27,263             | 29,159             |
| Underlying ebitda   | 2,650              | 2,951              | 11,090             | 11,710             |
| ebitda margin (%)   | 31.5               | 31.7               | 33.5               | 34.4               |
| Depreciation,<br>amortization etc.                        | -1,554             | -1,545             | -8,682             | -5,422             |
| Items not reflecting<br>underlying business<br>operations | -338               | -13                | -979               | -71                |
| Income from<br>associates                                 | -8                 | 1,167              | 66                 | -2,363             |
| Operating income  | 750                | 2,560              | 1,495              | 3,854              |
| Investments   | 1,153              | 1,974              | 3,862              | 7,129              |
| of which capex  | 1,153              | 2,075              | 3,859              | 6,767              |

A significant decline in revenues in 2002, combined with the further write-downs of current assets and accounting adjustments in the fourth quarter, reduced underlying ebitda and margins from Denmark in 2002.

The restructuring program in Denmark is expected to have a positive impact on profitability in the first quarter 2003.

The sek 2,786 million write-down of fixed assets in Denmark in the third quarter, and sek 247 million in the fourth quarter, led to an increase in Telia Network's depreciation, amortization and write-downs.

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Items not reflecting underlying business operations for Telia Networks was affected by restructuring reserves of sek 519 million for the Danish operations. sek 227 million relate to streamlining costs, including provisions for redundant personnel in the Swedish operations.

Income from associated companies improved, primarily as a result of the write-down of Netia in 2001. Income also includes a capital gain of sek 153 million from the divestiture of Comsource.

Telia Networks operating income decreased for the year. Excluding write-downs, items not reflecting underlying business operations, and capital gains, income for the year improved to sek 5,354 million (4,960). Operating income for the fourth quarter totaled sek 750 million (2,560). Not including write-downs, items not reflecting underlying business operations, and capital gains, operating income totaled sek 1,335 million (1,503).

With major investments already in place in broadband operations, and increasingly efficient use of capital in the Swedish network, the company was able to reduce capital expenditures for the full year.

### Retail market

Retail market sales declined 8 percent to sek 22,881 million. The decrease is primarily attributable to reduced traffic revenues within fixed telephony in Sweden, where revenues fell to sek 17,784 million, owing primarily to the introduction of local carrier preselection in early February 2002. Demand for value-added services such as Caller ID and Telesvar increased during the year. The market for data communications was characterized by strong price pressure, and sales for data communications, other IT services, and leased lines fell to sek 3,237 million (3,447) during the year.

The number of telephone subscriptions in Sweden fell during the year by 105,000 to 5,558,000. The number of isdn channels fell by 39,000 to 883,000, as customers chose mobile subscriptions over fixed lines and a growing number of ISDN customers switched to ADSL or LAN connections.

Sales in Denmark fell to sek 638 million (713).

### Wholesale market

Sales in the wholesale business for comparable operations increased 16 percent to sek 4,382 million.

In Sweden, sales for comparable operations climbed 22 percent to sek 3,935 million, which is attributable to increased sales of interconnect traffic and Internet capacity.

During the year, deliveries of adsl/lan connections totaled 181,000, of which 60,000 were to service providers outside Telia. At year-end 2002, there were 431,000 customers connected to Telia's broadband network through adsl/lan solutions.

Sales in the Danish wholesale operations totaled sek 447 million (407).

### Telia Holding

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Telia Holding is responsible for Telia's investments outside its core operations, comprising several consolidated businesses including Finans/Credit, Sergel Kreditjänster, Division Satellit, Division Offentlig Telecom, Promotor, Overseas and Suntel, as well as several associated companies including Slottsbacken, INgroup, Drutt Corp, Telefonos, aucs, Infonet Services and coop Bank.

| MSEK  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 436                | 1,791              | 1,814              | 10,680             |
| of which external   | 202                | 547                | 906                | 3,072              |
| Underlying ebitda   | 81                 | 115                | 426                | 265                |
| ebitda margin (%)   | 18.6               | 6.4                | 23.5               | 2.5                |
| Depreciation,<br>amortization etc.                        | -107               | -225               | -462               | -886               |
| Items not reflecting<br>underlying business<br>operations | 179                | 652                | 215                | -209               |
| Income from<br>associates                                 | -75                | 2,475              | 48                 | 8,233              |
| Operating income  | 78                 | 3,017              | 227                | 7,403              |
| Investments   | 100                | 134                | 810                | 2,774              |
| of which capex  | 65                 | 82                 | 309                | 788                |

Extensive divestitures in 2002, including the closing down of Vimera (customer training) and Time (accounting services) and the discontinuation of operations within Division Satellit, led to a decline in external net sales, while underlying ebitda improved and the margin strengthened.

For the remaining operations at year-end 2002, sales fell to sek 906 million (932) while underlying ebitda increased to sek 426 million (257). Sergel Kreditjänster increased its sales during the year while Promotor's sales fell. The improvement in underlying EBITDA is primarily attributable to Sergel Kreditjänster and Promotor.

Depreciation, amortization and write-downs decreased due to the divestiture and phase-out of operations.

Items not reflecting underlying business operations consisted mainly of a capital gain of sek 151 million from the sale of Telia's remaining holding in the Orbiant Group to Flextronics; a reversal of sek 159 million of an unutilized reserve within Division Satellit, mainly due to the transfer of satellite capacity to International Carrier; and sek 82 million in restructuring reserves, including a provision for redundant personnel.

Capital gains affected Income from associated companies by sek 251 million (9,336). Capital gains for the year included sek 176 million for the sale of the minority stake in Bharti Mobile to Overseas Telecom ab. Overseas plans to sell these shares in the first six months of 2003.

Operating income decreased. Not including items not reflecting underlying business operations and capital gains, operating income improved to sek -178 million (-1,725).

Investments decreased to sek 810 million, of which sek 370 million was shareholder contributions to aucs, sek 255 million to Finans/Credits leasing business, sek 41 million to network investments within Suntel, and sek 89 million



in shareholder contributions in coop Bank.

### 3) Full Year Review of Sonera stand-alone

Sonera Group Full year underlying ebitda up 41 percent; strong free cash flow

Consolidated net sales in 2002 grew 1 percent from the previous year and totaled sek 20,530 million (20,241), due to the acquisition of Fintur. Comparable revenues grew 6 percent, taking into account businesses divested and Fintur pro forma revenues.

Underlying ebitda improved 41 percent and was sek 7,320 million (5,201), representing 35.7 percent (25.7) of revenues. The improvement was mainly due to the narrowing of ebitda losses from Service Businesses and the acquisition of Fintur.

| Finnish GAAP  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| MSEK  |                    |                    |                    |                    |
| Net sales   | 5,552              | 5,146              | 20,530             | 20,241             |
| Underlying ebitda   | 1,960              | 1,435              | 7,320              | 5,201              |
| ebitda margin (%)   | 35.3               | 27.9               | 35.7               | 25.7               |
| Depreciation,<br>amortization etc.                        | -852               | -740               | -3,106             | -3,073             |
| Items not reflecting<br>underlying business<br>operations | -806               | -1,046             | -2,070             | 6,673              |
| Income from<br>associates                                 | -27                | -620               | -36,434            | -1,870             |
| Operating income  | 275                | -971               | -34,290            | 6,931              |
| Investments   | 1,099              | 1,555              | 4,077              | 8,616              |
| of which capex  | 962                | 861                | 2,519              | 3,323              |
| Free cash flow  | 366                | -19                | 3,472              | -1,499             |

Operating income showed a loss of sek -34,290 million (6,931), primarily due to a non-cash write-down recorded for Group 3G in the second quarter of 2002. Operating income in 2002 also includes capital gains of sek 3,591 million mainly relating to the sales of Pannon, Sonera Info Communications, Primatel and Libancell; non-cash write-downs of sek 5,525 million mainly relating to Ipse 2000, Xfera, Juniper Financial Corporation and 724 Solutions Inc.; and other non-recurring expenses of sek 559 million mainly relating to the restructuring of operations and write-downs. In 2001, operating income included non-recurring gains totaling sek 8,237 million, mainly relating to the sales of TietoEnator, VoiceStream and Powertel; and non-recurring losses of sek -1,564 million, mainly relating to write-downs and restructuring of operations.

As a consequence of the non-cash write-downs of international UMTS investments, loss before income taxes and minority interest in 2002 was sek -35,069 million (4,119). Net loss was sek -22,875 million (3,785).

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Cash provided by operating activities in 2002 grew more than three-fold to sek 5,991 million (1,823). Free cash flow (cash from operating activities less capital expenditure on fixed assets), improved to sek 3,472 million (-1,499).

Net debt continued to decrease significantly during 2002, and totaled sek 19,221 million on December 31, 2002 (30,396).

At the end of 2002, the number of Sonera employees was 7,639, a decrease of 24 percent from year-end 2001. The acquisition of Fintur added some 850 employees to the consolidated number.

### Performance continues to improve during the fourth quarter

Consolidated net sales in the fourth quarter of 2002 grew 8 percent to sek 5,552 million (5,146), mainly due to the acquisition and consolidation of Fintur operations. Comparable net sales increased by 5 percent, taking into account all businesses divested and the pro forma net sales of Fintur.

Underlying ebitda hit record highs for the fourth quarter in a row, rising to sek 1,960 million (1,435) in the fourth quarter, representing 35.3 percent of revenues (27.9 percent). The improvement was mainly due to the narrowing of ebitda losses from Service Businesses, and the consolidation of Fintur.

Sonera's loss in associated companies in the fourth quarter narrowed to sek -27 million (-620), primarily due to the improved results of Turkcell, and the discontinuation of equity accounting for Group 3G in Germany, which Sonera wrote down to zero in the second quarter of 2002. Loss in associated companies in the fourth quarter includes a sek 293 million goodwill write-down of MetroOne.

Operating income improved to sek 275 million (-971). Operating income for the fourth quarter of 2002 also includes a non-cash write-down of sek 660 million on Xfera, a Spanish UMTS joint venture where Sonera holds 14.25 percent.

Profit before income taxes and minority interest for the fourth quarter rose to sek 37 million (-74). Net income was sek 1,090 million (518) in the fourth quarter, including a deferred tax benefit of sek 1,136 million (602) recorded for the fourth quarter.

Cash provided by operating activities in the fourth quarter grew to sek 1,328 million (842). Cash from operating activities was improved by higher underlying ebitda and lower interest expenses. Though capital expenditures increased to sek 962 million (861), free cash flow for the fourth quarter improved to sek 366 million (-19).

### Sonera Mobile Communications Finland - High profitability maintained

Net sales from Mobile Communications Finland were up 1 percent on the previous year, reaching sek 11,332 million (11,226). Net sales growth was supported by increased usage of mobile services and the revised sharing of mobile-originated international call revenues between Mobile Communications Finland and Sonera Telecom. However, net sales growth was slowed due to new interconnection agreements that began September 2001, lower sms prices, high overall penetration, as well as the strategic goal to seek profitable growth.

The profitability of the business area continued to be very strong. Underlying ebitda for 2002 was sek 5,662 million (5,590), corresponding to 50.0 percent of revenues (49.8 percent). Operating income was sek 4,526 million (4,415).

Profitability improved due to increased revenues, continued cost control, and process development efforts. Capital expenditures for the business area were sek 898 million (944). The simplified free cash flow measure as applied to Sonera's business areas, underlying ebitda less capital expenditure, improved by 3 percent to sek 4,764 million (4,646).

| Finnish GAAP<br>MSEK                                      | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 2,794              | 2,832              | 11,332             | 11,226             |
| Underlying ebitda   | 1,328              | 1,305              | 5,662              | 5,590              |
| ebitda margin (%)   | 47.5               | 46.1               | 50.0               | 49.8               |
| Depreciation,<br>amortization etc.                        | -284               | -296               | -1,136             | -1,175             |
| Items not reflecting<br>underlying business<br>operations | -9                 |                    | -9                 |                    |
| Income from<br>associates                                 |                    |                    | 9                  |                    |
| Operating income  | 1,035              | 1,009              | 4,526              | 4,415              |
| capex   | 321                | 250                | 898                | 944                |

During 2002, average monthly use rose 4 percent to 151 minutes (145), and average monthly revenues per user (ARPU) were sek 366 (375). The average number of text messages sent from a Sonera GSM subscription per month was 27.2 (26.4), representing a rise of 3 percent.

The number of Sonera's GSM subscriptions grew by a net 68,244 from the end of 2001, and was 2,489,777 at the end of 2002 (2,421,533). The primary goal is to focus on long-term profitable growth rather than market share. Annualized GSM customer churn grew to 12.6 percent (10.1) due to increased price competition. Including service provider subscriptions, the total number of all GSM subscriptions in Sonera's network was 2,524,915 at the end of the year (2,471,778).

#### Sonera International Mobile Communications - Fintur brings significant growth and potential

In August 2002, Sonera completed the purchase of an additional 23.24 percent interest in Fintur Holdings B.V. from the Çukurova Group, raising its total holding in Fintur to 58.55 percent. As part of the transaction, Fintur's loss-making technology and media businesses were sold to the Çukurova Group. Sonera paid a purchase price of approximately sek 1,070 million and assumed Fintur's interest-bearing net debt of approximately sek 1,145 million. Fintur operates through its majority-owned subsidiaries in the emerging GSM markets of Azerbaijan, Georgia, Kazakhstan and Moldova.

Sonera consolidated Fintur as of September 2002, allowing only four months of Fintur's results of operations to be included in Sonera's income statement for 2002. On a pro forma basis for the full year, Fintur recorded net sales of USD 240 million (USD 174 million in 2001), underlying ebitda of USD 123 million (64) and operating income of USD 75 million (26).

Sonera's loss in mobile associated companies, before goodwill amortization and write-downs, was sek -696 million (-1,666) in 2002, mainly due to improved results of Turkcell and Fintur.

Income from associated companies recorded by Sonera from Turkcell was sek 64 million (-565). Turkcell is consistently included in Sonera's equity income with a three-month lag. Turkcell's net income in 2002 turned positive as a result of the subscriber growth effects on net sales and ebitda. The foreign exchange losses and financial expenses of Turkcell also decreased and contributed to the improved net income. On December 31, 2002, Turkcell had 15.7 million customers, consisting of 4.7 million post-paid and 11.0 million pre-paid subscribers.

Income recorded from other GSM associated companies decreased to sek 394 million (518), primarily due to the sale of Pannon GSM during the first quarter of 2002.

In Russia, the restructuring of MegaFon was completed in 2002, and Sonera holds 26 percent in the new company. The customer base of MegaFon grew by approximately 2.1 million during 2002, and totaled approximately 3.0 million at the end of the year.

In July 2002, Sonera, assisted by a third party advisor, performed impairment analyses on its international UMTS investments due to changed circumstances and assumptions, which led to a sek 35,215 million non-cash write-down of Sonera's investment in Group 3G in the second quarter of 2002. The write-down reduced the carrying value of Sonera's investment to zero. Sonera also wrote down its investment in Ipse, totaling sek 2,693 million. Additionally, Sonera charged its Ipse-related capital commitments of sek 1,310 million to expense.

As a result of its sek 39,210 million write-down of its UMTS investments in Germany and Italy, Sonera recorded a deferred tax benefit of sek 11,314 million in the second quarter of 2002. Although Sonera currently estimates that the deferred tax asset can be realized in six to eight years under different scenarios, there can be no assurance of sufficient taxable income in Finnish operations within this period. Tax loss carry-forwards in Finland expire after ten years. Sonera has also received advance rulings that these write-downs created a tax benefit in Finland, and that the tax benefit can also be utilized after the TeliaSonera merger.

As part of its quarterly review of carrying values, Sonera also performed an impairment analysis on Xfera as of December 31, 2002. Based on the continued delay for the launch of 3G services in the market, and further negative changes in the market expectations during the fourth quarter of 2002, the analysis led to a non-cash write-down of Sonera's investment in Xfera totaling sek 660 million. The write-down of Xfera did not result in a deferred tax benefit. In January 2003, the Spanish government proposed a bill to allow frequency trading in Spain. Additionally, there are indications that the Spanish government may consider lowering significantly the amount of performance guarantees issued by the license holders in Spain.

#### Sonera Service Businesses' ebitda loss-reduction targets exceeded

Net sales from Service Businesses decreased 12 percent to sek 2,602 million (2,971) in 2002, primarily due to the divestment of Sonera Info Communications at the end of March 2002. Underlying ebitda loss for the business area decreased significantly to sek -376 million (-2,258). Operating loss for the business area decreased to sek -403 million (-3,554). Capital expenditures totaled sek 165 million (491). The simplified free cash flow measure, underlying ebitda less capex, narrowed to sek -541 million (-2,749) of cash spent.

| Finnish GAAP | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|--------------|--------------------|--------------------|--------------------|--------------------|
| MSEK         |                    |                    |                    |                    |

|   |       |        |       |        |
|---|-------|--------|-------|--------|
| Net sales   | 650   | 814    | 2,602 | 2,971  |
| Underlying ebitda   | -92   | -379   | -376  | -2,258 |
| ebitda margin (%)   | -14.2 | -46.6  | -18.2 | -76.0  |
| Depreciation,<br>amortization etc.                        | -101  | -93    | -366  | -435   |
| Items not reflecting<br>underlying business<br>operations | 65    | -740   | 632   | -861   |
| Income from<br>associates                                 | -311  |        | -293  |        |
| Operating income  | -439  | -1,212 | -403  | -3,554 |
| capex   | 82    | 28     | 165   | 491    |

#### Sonera Telecom - Increasing interest in broadband services creates potential

Net sales from Sonera Telecom were sek 9,079 million (9,477) in 2002, down 4 percent, mainly due to the sale of Primatel and the Gateway leasing business at the end of May 2002. On a comparable basis, net sales increased 5 percent when taking into account disposals of businesses.

| Finnish GAAP<br>MSEK                                      | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 2,299              | 2,443              | 9,079              | 9,477              |
| Underlying ebitda   | 357                | 528                | 1,612              | 2,129              |
| ebitda margin (%)   | 15.5               | 21.6               | 17.8               | 22.5               |
| Depreciation,<br>amortization etc.                        | -238               | -287               | -1,072             | -1,138             |
| Items not reflecting<br>underlying business<br>operations | -82                | -19                | 284                | 9                  |
| Income from<br>associates                                 | -32                | 5                  | -119               | -9                 |
| Operating income  | 5                  | 227                | 705                | 991                |
| capex   | 293                | 657                | 1,008              | 1,721              |

Underlying ebitda for the business area decreased to sek 1,612 million (2,219) in 2002, primarily due to the revised sharing of mobile international call revenues between Sonera Telecom and Mobile Communications Finland from the beginning of 2002, and the sale of Primatel and Gateway operations. Operating income was sek 705 million (991). Capital expenditure for the business area was reduced to sek 1,008 million (1,721) in 2002. The simplified free cash flow measure, underlying ebitda less capex, improved to sek 604 million (408) in 2002.

At the end of 2002, the total number of equivalent fixed network access lines in Finland was 721,194 (753,140), a decrease of 4 percent. The number of ADSL and other broadband consumer connections continued to show strong growth and totaled 59,628 at the end of the year (11,603). The largest share of Sonera's ADSL base is in the large

cities, and more than half of the base is outside of Sonera's traditional service areas.

Sonera's equity income in its Baltic and Finnish fixed network associated companies, before goodwill amortization, decreased to sek 238 million (324) primarily due to decreased revenues of Lattelekom and Lietuvos Telekomas because of tightening competition. The estimated number of subscriptions of the associated companies totaled approximately 2.3 million at the end of the year.

#### 4) Review of the TeliaSonera Group, legal

As of December 31, 2002, the merger with Sonera and the related consolidation of three Baltic entities has had an impact on the net income and financial position for 2002 as of December 3, 2002.

Net sales for TeliaSonera Group increased 4 percent to sek 59,483 million (57,196).

For Telia stand-alone, net sales were overall on the same level as in 2001, sek 57,138 million (57,196), but comparable sales increased 5 percent with divested businesses taken into account. Mobile's sales increased 13 percent; Internet Services' sales increased 27 percent; and International Carrier's sales increased 20 percent. Within Networks, comparable sales fell 5 percent, primarily due to the introduction of local preselection in the Swedish market in February 2002.

| MSEK  | Oct<br>Dec<br>2002 | Oct<br>Dec<br>2001 | Jan<br>Dec<br>2002 | Jan<br>Dec<br>2001 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net sales   | 16,756             | 14,970             | 59,483             | 57,196             |
| Underlying ebitda   | 4,443              | 3,133              | 15,692             | 12,915             |
| ebitda margin (%)   | 26.5               | 20.9               | 26.4               | 22.6               |
| Depreciation,<br>amortization etc.                        | -4,076             | -6,285             | -20,844            | -13,975            |
| Items not reflecting<br>underlying business<br>operations | -1,470             | 322                | -6,271             | 384                |
| Income from associates                                    | 195                | 3,746              | 528                | 6,136              |
| Operating income  | -908               | 916                | -10,895            | 5,460              |

|                |        |       |        |        |
|----------------|--------|-------|--------|--------|
| Investments    | 47,792 | 5,157 | 54,438 | 20,735 |
| of which capex | 8,449  | 4,849 | 14,345 | 17,713 |

Underlying ebitda for TeliaSonera increased 22 percent to sek 15,692 million (12,915), and the margin improved from 23 to 26 percent. For Telia stand-alone, underlying ebitda increased 15 percent to sek 14,909 million (12,915), and the margin improved from 23 to 26 percent. Mobile's margin increased from 24 to 28 percent; Internet Services narrowed its losses 50 percent; and International Carrier narrowed its losses 18 percent. Weak development in Denmark led to a decreased margin within Networks, dropping from 34.4 to 33.5 percent. Underlying EBITDA in the Swedish fixed network operations improved and the margin strengthened from 36.5 to 37.4 percent.

Depreciation, amortization and write-downs increased in TeliaSonera to sek 20,844 million (13,975). For Telia stand-alone the depreciation, amortization and write-downs totaled sek 20,202 million (13,975). The increase was primarily due to write-downs in the amount of sek 8,876 million (3,458), and mainly referred to International Carrier, the fixed network operations in Denmark, and Telia's mobile operations in Finland.

Items not reflecting underlying business operations totaled sek -6,271 million (384) in TeliaSonera. For Telia stand-alone, items not reflecting underlying business operations totaled sek -5,986 million (384), and mainly referred to restructuring costs in International Carrier, fixed network operations in Denmark, and in the Swedish operations. Telia's total restructuring costs amounted to sek 5,924 million, of which sek 5,394 million were restructuring reserves at the end of the year for future expenditures. In addition, the result was affected by certain pension-related costs of sek 248 million, and by capital losses of sek -86 million.

Income from associated companies totaled sek 528 million (6,136) in TeliaSonera. For Telia stand-alone, income from associated companies totaled sek 379 million (6,136), of which write-downs and capital gains affected earnings by sek 292 million (7,039).

As a result of the extensive write-downs and restructuring costs, operating income decreased to sek -10,895 million (5,460) in TeliaSonera. For Telia stand-alone, operating income decreased to sek -10,900 million (5,460).

Financial items totaled sek -721 million (-652) in TeliaSonera. For Telia stand-alone financial items were sek -477 million (-652).

After minority stakes and a positive tax effect of sek 3,619 million, the net income reported for TeliaSonera was sek 8,067 million (1,869). The positive tax effect arising from deferred tax benefits mainly related to the write down of assets and restructuring expenses in International Carrier and fixed network operations in Denmark.

#### Fourth quarter

Fourth quarter sales in TeliaSonera advanced 12 percent to sek 16,756 million (14,970). For Telia stand-alone net sales decreased 4 percent to sek 14,411 million (14,970), and taking into account businesses divested, development in sales for comparable units was flat.

Underlying ebitda for TeliaSonera increased 42 percent to sek 4,443 million (3,133). For Telia stand-alone underlying ebitda increased 17 percent to sek 3,666 million (3,133) and the margin improved from 21 to 25 percent.

Depreciation, amortization and write-downs totaled sek 4,076 million (6,285) in TeliaSonera. For Telia stand-alone the depreciation, amortization and write-downs totaled sek 3,434 million (6,285). Write-downs mainly referred to Telia's mobile operations in Finland and fixed network operations in Denmark.

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Items not reflecting underlying business operations totaled sek -1,470 million (322) in TeliaSonera. For Telia stand-alone items not reflecting underlying business operations totaled sek 1,185 million (322), and mainly referred to restructuring costs in International Carrier and the fixed network operations in Denmark.

Income from associated companies in TeliaSonera totaled sek 195 million (3,746). For Telia stand-alone, income from associated companies totaled sek 46 million (3,746). Write-downs and capital gains affected earnings by sek 12 million (2,692).

As a result of the write-downs and restructuring costs, operating income in TeliaSonera decreased to sek 908 million (916). For Telia stand-alone, the operating income decreased to sek 907 million (916).

Financial items totaled sek -201 million (-10). For Telia stand-alone financial items totaled sek 43 million (-10).

After minority stakes and a positive tax effect of sek 3,075 million arising from deferred tax benefits, the net income reported for TeliaSonera was sek 1,894 million (1,869).

### Strong cash flow and strong financial position

Improved underlying ebitda and a low level of investment generated strong free cash flow of sek 3,877 million (-6,506) in TeliaSonera in 2002. The strong cash flow led to a gradual decrease in net interest-bearing liability, which were sek 10,661 million at the beginning of 2002 and increased to sek 25,034 million at year-end. During the year, the debt/equity ratio increased from 0.18 to 0.23. TeliaSonera continues to maintain a strong financial position.

|                                | Dec<br>31,<br>2002 | Dec<br>31,<br>2001 | Dec<br>31,<br>2000 |
|--------------------------------|--------------------|--------------------|--------------------|
| MSEK                           |                    |                    |                    |
| Change in total assets (%)     | 61.2               | 4.5                | 60.2               |
| Equity/assets ratio (%)        | 51.7               | 46.2               | 44.4               |
| Net interest-bearing liability | 25,034             | 10,661             | 20,235             |
| Debt/equity ratio (multiple)   | 0.23               | 0.18               | 0.37               |

At year-end TeliaSonera made a contribution of sek 1,000 million to Telia Pension Fund to secure pension obligations.

### Reduced capex

Investments totaled sek 54.4 billion, of which sek 44.2 billion refers to the Sonera acquisition. capex decreased to sek 14,345 million (17,713). For Telia stand-alone, capex decreased to sek 8,321 million (17,713).

### Personnel



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The number of employees at year end increased to 29,173 (17,149) through the merger. Within Telia stand-alone, the number of employees decreased by 1,241 during the year.

### TeliaSonera Stock

On December 9, 2002, Telia announced that the company had consummated the exchange offer regarding shares and warrants in Sonera and that the company had changed its name to TeliaSonera. On the same day, TeliaSonera was listed on Stockholmsbörsen, the Helsinki Exchanges and Nasdaq.

The share s settlement price on Stockholmsbörsen decreased from sek 46.50 at the beginning of the year to sek 32.80 at year-end. The highest settlement price during the year was sek 48.60 (January 4) and the lowest was sek 21.10 (July 24).

On December 31, 2002, TeliaSonera had a total of 894,587 shareholders. The Swedish state owned 46.0 percent and the Finnish state owned 19.4 percent of the share capital. Swedish and Finnish private investors owned 6.3 percent. Swedish and Finnish institutions owned 17.5 percent of the share capital. Investors outside Sweden and Finland represented 10.8 percent.

### Annual General Meeting

The Annual General Meeting will be held May 8 at 5 p.m. Swedish time in Annexet, Globe Arenas, Stockholm, and simultaneously at 6 p.m. Finnish time in the Helsinki Fair Center, Helsinki. Notice of the meeting will be posted on TeliaSonera s website, [www.teliasonera.com](http://www.teliasonera.com), and advertised in the newspapers in the beginning of April. The record date entitling shareholders to attend the meeting will be April 28, 2003. Shareholders may file notice of intent to attend the agm from April 3. TeliaSonera must receive notice of attendance no later than 4 p.m. Swedish time on May 2, 2003.

### Dividend

Based on current circumstances the Board of Directors will be proposing a dividend of sek 0.40 per share to the agm, resulting in a total distribution of sek 1 870 million.

The Board recommends that the final day for trading in shares entitling shareholders to dividends be set at May 8, 2003 and that the company s stock be traded without dividend rights on May 9. The recommended record date at vpc, for the right to receive dividends will be May 13. If the agm votes to approve the Board s recommendations, dividends are expected to be distributed by vpc on May 16, 2003.

### Dividend policy

The outlook for operating cash flow generation, capital expenditure requirements, earnings growth and the amount of funds available for distribution shall be taken into consideration when proposing the level of dividend. The intention is to increase the dividend annually.

## Outlook

In the current business and regulatory environment the TeliaSonera Group is expecting an annual revenue growth of a few percentage points. Main opportunities of growth are market share gains in selected home market segments and growth in Eastern markets. Mobile and broadband services will continue to grow whereas traditional fixed-line services will be declining slowly.

Underlying ebitda margin is expected to increase annually, approaching 34 percent in the mid-term, as a result of profitable growth, synergies from the merger, stand-alone improvements and elimination of losses in the international carrier, Danish fixed and Sonera service businesses.

During 2003, capex/Sales levels are expected to be a few percentage points higher than in 2002.

In the longer term TeliaSonera expects a significant increase in profits and free cash-flow.

Stockholm, February 19, 2003

Anders Igel

President and CEO

## Financial Information

|                           |                     |
|---------------------------|---------------------|
| Annual Report 2002        | Mid April, 2003     |
| Interim Report<br>Jan-Mar | May 8, 2003         |
| Interim Report<br>Jan-Jun | July 31, 2003       |
| Interim Report<br>Jan-Sep | October 29,<br>2003 |

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Investor Relations

5) Condensed Financial Statements of the TeliaSonera Group, legal

Consolidated Income Statements

|  | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
|--|---------|---------|---------|---------|
|  | 2002    | 2001    | 2002    | 2001    |
|  | msek    |         |         |         |
| Net sales                                | 16,756  | 14,970  | 59,483  | 57,196  |
| Costs of production                      | -10,866 | -13,002 | -38,182 | -40,435 |
| Gross income                             | 5,890   | 1,968   | 21,301  | 16,761  |
| Sales, administrative, and R&D expenses  | -5,376  | -5,347  | -18,667 | -17,943 |
| Other operating revenues & expenses, net | -1,617  | 549     | -14,057 | 506     |
| Income from associated companies         | 195     | 3,746   | 528     | 6,136   |
| Operating income                         | -908    | 916     | -10,895 | 5,460   |
| Net financial revenues and expenses      | -201    | -10     | -721    | -652    |
| Income after financial items             | -1,109  | 906     | -11,616 | 4,808   |
| Income taxes                             | 3,075   | -1,496  | 3,619   | -2,917  |
| Minority interests                       | -72     | 18      | -70     | -22     |
| Net income                               | 1,894   | -572    | -8,067  | 1,869   |

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|  |      |       |       |      |
|--|------|-------|-------|------|
| Loss/earnings per share, basic (sek)   | 0.54 | -0.19 | -2.58 | 0.62 |
| Loss/earnings per share, diluted (sek) | 0.54 | -0.19 | -2.58 | 0.62 |

|  | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | meur*           |                 |                 |                 |
| Net sales                                | 1,823           | 1,629           | 6,471           | 6,222           |
| Costs of production                      | -1,182          | -1,415          | -4,154          | -4,399          |
| Gross income                             | 641             | 214             | 2,317           | 1,823           |
| Sales, administrative, and R&D expenses  | -585            | -582            | -2,031          | -1,952          |
| Other operating revenues & expenses, net | -176            | 60              | -1,529          | 55              |
| Income from associated companies         | 21              | 408             | 57              | 668             |
| Operating income                         | -99             | 100             | -1,186          | 594             |
| Net financial revenues and expenses      | -22             | -1              | -78             | -71             |
| Income after financial items             | -121            | 99              | -1,264          | 523             |
| Income taxes                             | 335             | -163            | 394             | -318            |
| Minority interests                       | -8              | 2               | -8              | -2              |
| Net income                               | 206             | -62             | -878            | 203             |
| Loss/earnings per share, basic (sek)     | 0.06            | -0.02           | -0.28           | 0.07            |
| Loss/earnings per share, diluted (sek)   | 0.06            | -0.02           | -0.28           | 0.07            |

\* For convenience only, conversion rate: SEK 1 = EUR 0,1088

Condensed Consolidated Balance Sheets

|                         | Dec 31,<br>2002 | Dec 31,<br>2001 | Dec 31,<br>2002 | Dec 31,<br>2001 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                         | msek            |                 | meur*           |                 |
| Assets                  |                 |                 |                 |                 |
| Intangible fixed assets | 68,106          | 26,816          | 7,409           | 2,918           |
| Tangible fixed assets   | 56,172          | 47,314          | 6,110           | 5,148           |

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|  |         |         |        |        |
|--|---------|---------|--------|--------|
| Financial fixed assets                         | 48,534  | 20,784  | 5,280  | 2,261  |
| Total fixed assets                             | 172,812 | 94,914  | 18,799 | 10,327 |
| Inventories, etc.                              | 580     | 636     | 63     | 69     |
| Receivables                                    | 26,607  | 23,521  | 2,895  | 2,559  |
| Short-term investments                         | 3,826   | 7,602   | 416    | 827    |
| Cash and bank                                  | 2,831   | 1,518   | 308    | 165    |
| Total current assets                           | 33,844  | 33,277  | 3,682  | 3,620  |
| Total assets                                   | 206,656 | 128,191 | 22,481 | 13,947 |
| Equity and liabilities                         |         |         |        |        |
| Shareholders equity                            | 108,829 | 59,885  | 11,839 | 6,515  |
| Minority interests                             | 5,120   | 204     | 557    | 22     |
| Provisions for pensions and employee contracts | 224     | 2,358   | 24     | 257    |
| Deferred tax liability, other provisions       | 18,182  | 10,749  | 1,978  | 1,169  |
| Total provisions                               | 18,406  | 13,107  | 2,002  | 1,426  |
| Long-term loans                                | 32,124  | 25,193  | 3,495  | 2,741  |
| Short-term loans                               | 12,608  | 3,931   | 1,372  | 428    |
| Non-interest-bearing liabilities               | 29,569  | 25,871  | 3,216  | 2,815  |
| Total liabilities                              | 74,301  | 54,995  | 8,083  | 5,984  |
| Total equity and liabilities                   | 206,656 | 128,191 | 22,481 | 13,947 |

\* For convenience only, conversion rate: SEK 1 = EUR 0,1088

Condensed Consolidated Cash Flow Statements and Changes in Net Interest-bearing Liability

|   | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | msek            |                 |                 |                 |
| Cash flow before change in working capital  | 2,754           | 3,223           | 11,111          | 10,272          |
| Change in working capital                   | 1,161           | 1,267           | 1,338           | 144             |
| Cash flow from operating activities         | 3,915           | 4,490           | 12,449          | 10,416          |
| Intangible & tangible fixed assets acquired | -2,712          | -5,083          | -8,572          | -16,922         |
| Free cash flow                              | 1,204           | -593            | 3,877           | -6,506          |
| Other investing activities                  | 2,977           | 9,764           | 3,019           | 20,554          |
| Cash flow from investing activities         | 266             | 4,681           | -5,553          | 3,632           |
| Cash flow from financing activities         | -2,384          | -1,182          | -10,344         | -6,608          |
| Cash flow for the period                    | 1,797           | 7,989           | -3,448          | 7,440           |

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Cash and cash equivalents, opening balance             | 3,669  | 949    | 8,923  | 1,437  |
| Cash flow for the period                               | 1,797  | 7,989  | -3,448 | 7,440  |
| Exchange rate differences in cash and cash equivalents | -1     | -15    | -10    | 46     |
| Cash and cash equivalents, closing balance             | 5,465  | 8,923  | 5,465  | 8,923  |
|  |        |        |        |        |
| Net interest-bearing liability, opening balance        | 8,107  | 15,769 | 10,661 | 20,235 |
| Change in net borrowings                               | 18,217 | -4,937 | 16,507 | -8,407 |
| Change in pension provisions                           | -1,290 | -171   | -2,134 | -1,167 |
| Net interest-bearing liability, closing balance        | 25,034 | 10,661 | 25,034 | 10,661 |

|  | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
|--|---------|---------|---------|---------|
|  | 2002    | 2001    | 2002    | 2001    |
|  | meur*   |         |         |         |
| Cash flow before change in working capital             | 300     | 351     | 1,208   | 1,117   |
| Change in working capital                              | 126     | 137     | 146     | 16      |
| Cash flow from operating activities                    | 426     | 488     | 1,354   | 1,133   |
| Intangible & tangible fixed assets acquired            | -295    | -553    | -932    | -1,841  |
| Free cash flow   | 131     | -65     | 422     | -708    |
| Other investing activities                             | 324     | 1,062   | 328     | 2,236   |
| Cash flow from investing activities                    | -29     | 509     | -604    | 395     |
| Cash flow from financing activities                    | -260    | -128    | -1,125  | -719    |
| Cash flow for the period                               | 195     | 869     | 375     | 809     |
|  |         |         |         |         |
| Cash and cash equivalents, opening balance             | 400     | 103     | 970     | 156     |
| Cash flow for the period                               | 195     | 869     | -375    | 809     |
| Exchange rate differences in cash and cash equivalents | -0      | -1      | -0      | 5       |
| Cash and cash equivalents, closing balance             | 595     | 970     | 595     | 970     |
|  |         |         |         |         |
| Net interest-bearing liability, opening balance        | 882     | 1,715   | 1,159   | 2,201   |
| Change in net borrowings                               | 1,982   | -537    | 1,796   | -914    |
| Change in pension provisions                           | -141    | -19     | -232    | -127    |

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Net interest-bearing liability, closing balance | 2,723 | 1,160 | 2,723 | 1,160 |
|---|-------|-------|-------|-------|

\* For convenience only, conversion rate: SEK 1 = EUR 0,1088

#### Condensed Consolidated Statements of Changes in Shareholders' Equity

|  | Dec 31,<br>2002 | Dec 31,<br>2001 | Dec 31,<br>2002 | Dec 31,<br>2001 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | msek            |                 | meur*           |                 |
| Opening balance  | 59,885          | 55,988          | 6,515           | 6,091           |
| Change of accounting principles (IAS 39)                         |                 | -342            |                 | -37             |
| Adjusted opening balance   | 59,885          | 55,646          | 6,515           | 6,053           |
| Dividend   | -600            | -1,501          | -65             | -163            |
| New share issue  | 55,905          |                 | 6,081           |                 |
| Underwriting expenses after tax posted directly to equity        | 16              | -16             | 2               | -2              |
| Transactions with outside parties                                | -57             | -155            | -6              | -17             |
| Differences arising from translation of foreign operations       | 1 719           | 4,268           | 187             | 464             |
| Fair value measurement of securities available for sale          | 14              | 143             | 1               | 16              |
| Gains/losses on instruments used to hedge cash flow              | 6               | 114             | 1               | 12              |
| Differences after tax on forward contracts used for equity hedge | 8               | -483            | 1               | -53             |
| Net income for the period  | -8,067          | 1,869           | -878            | 203             |
| Closing balance  | 108 829         | 59,885          | 11,839          | 6,515           |

\* For convenience only, conversion rate: SEK 1 = EUR 0,1088

#### Quarterly Data

|  |      |
|--|------|
|  | 2002 |
|--|------|

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| msek  | Q 4    | Q 3     | Q 2    | Q 1    |
|---|--------|---------|--------|--------|
| Net sales   | 16,756 | 14,496  | 14,346 | 13,885 |
| Underlying ebitda                                   | 4,443  | 4,281   | 3,587  | 3,381  |
| Items not reflecting underlying business operations | -1,470 | -3,997  | -827   | 23     |
| Income from associates                              | 195    | -42     | 363    | 12     |
| ebitda  | 3,167  | 242     | 3,123  | 3,416  |
| Depreciation, amortization and write-downs          | -4,076 | -11,057 | -3,004 | -2,707 |
| Operating income                                    | -908   | -10,815 | 119    | 709    |
| Income after financial items                        | -1,109 | -10,964 | -78    | 535    |
| Net income  | 1,894  | -10,118 | 30     | 127    |
| Earnings per share, basic (sek)                     | 0.54   | -3.37   | 0.01   | 0.04   |
| Earnings per share, diluted (sek)                   | 0.54   | -3.37   | 0.01   | 0.04   |
| Operating cash flow                                 | 4,375  | 2,108   | 1,472  | -865   |
| Investments   | 47,792 | 1,956   | 2,637  | 2,053  |
| of which capex                                      | 8,449  | 1,783   | 2,091  | 2,022  |
| of which acquisitions                               | 39,343 | 173     | 546    | 31     |

|   | 2001   |        |        |        | 2000   |
|---|--------|--------|--------|--------|--------|
| msek  | Q 4    | Q 3    | Q 2    | Q 1    | Q 4    |
| Net sales   | 14,970 | 14,431 | 14,203 | 13,592 | 14,540 |
| Underlying ebitda                                   | 3,133  | 3,420  | 3,014  | 3,348  | 3,790  |
| Items not reflecting underlying business operations | 322    | -239   | 271    | 30     | 6,937  |
| Income from associates                              | 3,746  | 2,339  | 208    | -157   | -370   |
| ebitda  | 7,201  | 5,520  | 3,493  | 3,221  | 10,357 |
| Depreciation, amortization and write-downs          | -6,285 | -2,775 | -2,505 | -2,410 | -2,427 |
| Operating income                                    | 916    | 2,745  | 988    | 811    | 7,930  |



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|                                   |       |       |       |        |        |
|-----------------------------------|-------|-------|-------|--------|--------|
| Income after financial items      | 906   | 2,491 | 909   | 502    | 7,658  |
| Net income                        | -572  | 1,900 | 250   | 291    | 7,408  |
| Earnings per share, basic (sek)   | -0.19 | 0.63  | 0.08  | 0.10   | 2.47   |
| Earnings per share, diluted (sek) | -0.19 | 0.63  | 0.08  | 0.10   | 2.47   |
| Operating cash flow               | 9,171 | 4,745 | 3,158 | -3,026 | 3,486  |
| Investments                       | 5,157 | 5,965 | 5,954 | 3,659  | 10,311 |
| of which capex                    | 4,849 | 5,630 | 3,666 | 3,568  | 7,185  |
| of which acquisitions             | 308   | 335   | 2,288 | 91     | 3,126  |

## Business Area Breakdown

October-December 2002 or December 31, 2002

| msek  | Mobile | Internet Services | International Carrier | Networks | Group-Wide |
|---|--------|-------------------|-----------------------|----------|------------|
| Net sales   | 5 424  | 1 149             | 1 320                 | 8 422    | -1 930     |
| External net sales                                  | 5 032  | 1 147             | 1 105                 | 6 860    | 267        |
| Underlying ebitda                                   | 1 732  | -80               | -414                  | 2 650    | -221       |
| Depreciation, amortization & write-downs            | -1 547 | -118              | -92                   | -1 554   | -124       |
| Items not reflecting underlying business operations | 29     | -19               | -1 130                | -338     | 273        |
| Income from associates                              | 109    | -5                | 0                     | -8       | -50        |
| Operating income                                    | 323    | -222              | -1 636                | 750      | -122       |
| Operating capital                                   | 34 534 | 925               | 1 280                 | 21 474   | -5 689     |
| of which Segment assets                             | 41 062 | 2 435             | 9 985                 | 32 081   | 4 752      |
| of which Segment liabilities                        | -6 528 | -1 510            | -8 705                | -10 607  | -10 441    |
| Equity participations in associates                 | 1 915  | 4                 | 0                     | 354      | 3 087      |
| Investments   | 593    | 115               | 374                   | 1 153    | 215        |

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|                                       |       |       |     |       |       |
|---------------------------------------|-------|-------|-----|-------|-------|
| of which capex                        | 608   | 110   | 374 | 1 153 | 180   |
| Number of employees                   | 4 305 | 1 376 | 736 | 7 268 | 2 223 |
| Average number of full-time employees | 4 442 | 1 310 | 783 | 7 318 | 2 265 |

| msek  | of which Holding | Sonera* | Baltic entities* | Group   |
|---|------------------|---------|------------------|---------|
| Net sales   | 436              | 1 836   | 535              | 16 756  |
| External net sales                                  | 202              | 1 813   | 532              | 16 756  |
| Underlying ebitda                                   | 81               | 531     | 245              | 4 443   |
| Depreciation, amortization & write-downs            | -107             | -465    | -176             | -4 076  |
| Items not reflecting underlying business operations | 179              | -232    | -53              | -1 470  |
| Income from associates                              | -75              | 149     | 0                | 195     |
| Operating income                                    | 78               | -17     | 16               | -908    |
| Operating capital                                   | 2 229            | 73 871  | 10 718           | 137 113 |
| of which Segment assets                             | 7 352            | 84 510  | 11 914           | 186 739 |
| of which Segment liabilities                        | -5 123           | -10 639 | -1 196           | -49 626 |
| Equity participations in associates                 | 3 092            | 17 665  | 2                | 23 027  |
| Investments   | 100              | 42 363  | 2 979            | 47 792  |
| of which capex                                      | 65               | 5 339   | 685              | 8 449   |
| Number of employees                                 | 1 425            | 7 639   | 5 626            | 29 173  |
| Average number of full-time employees               | 1 457            | 675     | 484              | 17 277  |

\* Since December 3, 2002

October-December 2001 or December 31, 2001 (restated)

| msek               | Mobile | Internet Services | International Carrier | Networks |
|--------------------|--------|-------------------|-----------------------|----------|
| Net sales          | 5,138  | 968               | 1,271                 | 9,323    |
| External net sales | 4,714  | 963               | 1,022                 | 7,687    |
| Underlying ebitda  | 1,089  | -223              | -388                  | 2,951    |
|                    | -886   | -325              | -3,284                | -1,545   |

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|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Depreciation, amortization & write-downs            |        |        |        |        |
| Items not reflecting underlying business operations | -2     | -4     | -1     | -13    |
| Income from associated companies                    | 137    | -9     | 0      | 1,167  |
| Operating income                                    | 338    | -561   | -3,673 | 2,560  |
| Operating capital                                   | 36,499 | 1,401  | 8,652  | 30,795 |
| of which Segment assets                             | 42,810 | 2,810  | 14,074 | 39,525 |
| of which Segment liabilities                        | -6,311 | -1,409 | -5,422 | -8,730 |
| Equity participations in associates                 | 3,061  | 22     | 0      | 3,488  |
| Investments   | 1,672  | 231    | 1,157  | 1,974  |
| of which capex                                      | 1,314  | 231    | 1,157  | 2,075  |
| Number of employees                                 | 4,813  | 1,369  | 777    | 7,910  |
| Average number of full-time employees               | 4,857  | 1,257  | 671    | 7,693  |

|   | Group-wide | of which Holding | Group   |
|---|------------|------------------|---------|
| msek  |            |                  |         |
| Net sales   | -1,730     | 1,791            | 14,970  |
| External net sales                                  | 584        | 547              | 14,970  |
| Underlying ebitda                                   | -296       | 115              | 3,133   |
| Depreciation, amortization & write-downs            | -245       | -225             | -6,285  |
| Items not reflecting underlying business operations | 342        | 652              | 322     |
| Income from associated companies                    | 2,451      | 2,475            | 3,746   |
| Operating income                                    | 2,252      | 3,017            | 916     |
| Operating capital                                   | -7,197     | 287              | 70,150  |
| of which Segment assets                             | 8,151      | 1,296            | 107,370 |
| of which Segment liabilities                        | -15,348    | -1,009           | -37,220 |
| Equity participations in associates                 | 3,356      | 3,356            | 9,927   |
| Investments   | 123        | 134              | 5,157   |
| of which capex                                      | 72         | 82               | 4,849   |
| Number of employees                                 | 2,280      | 1,576            | 17,149  |
| Average number of full-time employees               | 10,501     | 9,729            | 24,979  |

January-December 2002 or December 31, 2002

| msek  | Mobile | Internet Services | International Carrier | Networks | Group-wide |
|---|--------|-------------------|-----------------------|----------|------------|
| Net sales   | 21 638 | 4 206             | 5 188                 | 33 154   | -7 074     |
| External net sales                                  | 20 163 | 4 174             | 4 369                 | 27 263   | 1 169      |
| Underlying ebitda                                   | 6 123  | -486              | -1 287                | 11 090   | -524       |
| Depreciation, amortization & write-downs            | -4 422 | -611              | -5 960                | -8 682   | -528       |
| Items not reflecting underlying business operations | -357   | -135              | -4 780                | -979     | 265        |
| Income from associated companies                    | 321    | -56               | 0                     | 66       | 48         |
| Operating income                                    | 1 665  | -1 288            | -12 027               | 1 495    | -739       |
| Operating capital                                   | 34 534 | 925               | 1 280                 | 21 474   | -5 689     |
| of which Segment assets                             | 41 062 | 2 435             | 9 985                 | 32 081   | 4 752      |
| of which Segment liabilities                        | -6 528 | -1 510            | -8 705                | -10 607  | -10,441    |
| Equity participations in associates                 | 1 915  | 4                 | 0                     | 354      | 3 087      |
| Investments   | 2 605  | 418               | 1 034                 | 3 862    | 1 177      |
| of which capex                                      | 2 369  | 384               | 1 034                 | 3 859    | 675        |
| Number of employees                                 | 4 305  | 1 376             | 736                   | 7 268    | 2 223      |
| Average number of full-time employees               | 4 442  | 1 310             | 783                   | 7 318    | 2 265      |

| msek                                     | of which Holding | Sonera* | Baltic entities* | Group   |
|--|------------------|---------|------------------|---------|
| Net sales                                | 1 814            | 1 836   | 535              | 59 483  |
| External net sales                       | 906              | 1 813   | 532              | 59 483  |
| Underlying ebitda                        | 426              | 531     | 245              | 15 692  |
| Depreciation, amortization & write-downs | -462             | -465    | -176             | -20 844 |

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|   |        |         |        |         |
|---|--------|---------|--------|---------|
| Items not reflecting underlying business operations | 215    | -232    | -53    | -6 271  |
| Income from associated companies                    | 48     | 149     | 0      | 528     |
| Operating income                                    | 227    | -17     | 16     | -10 895 |
| Operating capital                                   | 2 229  | 73 871  | 10 718 | 137 113 |
| of which Segment assets                             | 7 352  | 84 510  | 11 914 | 186 739 |
| of which Segment liabilities                        | -5 123 | -10 639 | -1 196 | -49 626 |
| Equity participations in associates                 | 3 092  | 17 665  | 2      | 23 027  |
| Investments   | 810    | 42 363  | 2 979  | 54 438  |
| of which capex                                      | 309    | 5 339   | 685    | 14 345  |
| Number of employees                                 | 1 425  | 7 639   | 5 626  | 29 173  |
| Average number of full-time employees               | 1 457  | 675     | 484    | 17 277  |

\* Since December 3, 2002

January-December 2001 or December 31, 2001 (restated)

| msek  | Mobile | Internet Services | International Carrier | Networks |
|---|--------|-------------------|-----------------------|----------|
| Net sales   | 19,830 | 3,305             | 4,632                 | 34,065   |
| External net sales                                  | 17,857 | 3,288             | 3,652                 | 29,159   |
| Underlying ebitda                                   | 4,705  | -970              | -1,569                | 11,710   |
| Depreciation, amortization & write-downs            | -3,385 | -606              | -3,589                | -5,422   |
| Items not reflecting underlying business operations | -49    | -28               | -1                    | -71      |
| Income from associated companies                    | 361    | -45               | 0                     | -2,363   |
| Operating income                                    | 1,632  | -1,649            | -5,159                | 3,854    |
| Operating capital                                   | 36,499 | 1,401             | 8,652                 | 30,795   |
| of which Segment assets                             | 42,810 | 2,810             | 14,074                | 39,525   |
| of which Segment liabilities                        | -6,311 | -1,409            | -5,422                | -8,730   |
| Equity participations in associates                 | 3,061  | 22                | 0                     | 3,488    |
| Investments   | 4,979  | 903               | 5,037                 | 7,129    |
| of which capex                                      | 4,341  | 836               | 5,037                 | 6,767    |

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|                                       |       |       |     |       |
|---------------------------------------|-------|-------|-----|-------|
| Number of employees                   | 4,813 | 1,369 | 777 | 7,910 |
| Average number of full-time employees | 4,857 | 1,257 | 671 | 7,693 |

|   | Group-wide | of which Holding | Group   |
|---|------------|------------------|---------|
| msek  |            |                  |         |
| Net sales   | -4,636     | 10,680           | 57,196  |
| External net sales                                  | 3,240      | 3,072            | 57,196  |
| Underlying ebitda                                   | -961       | 265              | 12,915  |
| Depreciation, amortization & write-downs            | -973       | -886             | -13,975 |
| Items not reflecting underlying business operations | 533        | -209             | 384     |
| Income from associated companies                    | 8,183      | 8,233            | 6,136   |
| Operating income                                    | 6,782      | 7,403            | 5,460   |
| Operating capital                                   | -7,197     | 287              | 70,150  |
| of which Segment assets                             | 8,151      | 1,296            | 107,370 |
| of which Segment liabilities                        | -15,348    | -1,009           | -37,220 |
| Equity participations in associates                 | 3,356      | 3,356            | 9,927   |
| Investments   | 2,687      | 2,744            | 20,735  |
| of which capex                                      | 732        | 788              | 17,713  |
| Number of employees                                 | 2,280      | 1,576            | 17,149  |
| Average number of full-time employees               | 10,501     | 9,729            | 24,979  |

Geographic Segment Breakdown

January-December 2002 or December 31, 2002

| msek                                     | Sweden | Other Nordic countries | Baltic Region | Rest of Europe | Rest of world | Group   |
|--|--------|------------------------|---------------|----------------|---------------|---------|
| External net sales                       | 44 820 | 10 859                 | 772           | 2 002          | 1 029         | 59 483  |
| Depreciation, amortization & write-downs | -8 953 | -7 789                 | -206          | -3 511         | -385          | -20 844 |
| Income from associated companies         | -354   | -1                     | 234           | 352            | 297           | 528     |

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|                                       |         |         |        |        |        |         |
|---------------------------------------|---------|---------|--------|--------|--------|---------|
| Operating income                      | 1 640   | -7 157  | 189    | -5 678 | 111    | -10 895 |
| Operating capital                     | 16 911  | 57 240  | 29 219 | 10 752 | 22 991 | 137 113 |
| of which Segment assets               | 43 968  | 74 500  | 31 179 | 11 345 | 25 747 | 186 739 |
| of which Segment liabilities          | -27 057 | -17 260 | -1 960 | 593    | -2 756 | -49 626 |
| Equity participations in associates   | 1 002   | 523     | 11 790 | 770    | 8 942  | 23 027  |
| Investments                           | 5 529   | 30 575  | 6 099  | 1 072  | 11 163 | 54 438  |
| of which capex                        | 5 101   | 7 243   | 775    | 677    | 549    | 14 345  |
| Number of employees                   | 12 669  | 8 817   | 5 909  | 393    | 1 385  | 29 173  |
| Average number of full-time employees | 12 593  | 3 139   | 591    | 370    | 584    | 17 277  |

January-December 2001 or December 31, 2001

| msek                                     | Sweden  | Other Nordic countries | Baltic Region | Rest of Europe | Rest of world | Group   |
|--|---------|------------------------|---------------|----------------|---------------|---------|
| External net sales                       | 46,348  | 8,113                  | 133           | 1,667          | 935           | 57,196  |
| Depreciation, amortization & write-downs | -7,975  | -2,788                 | -23           | -2,920         | -269          | -13,975 |
| Income from associated companies         | 5,497   | -22                    | -1,923        | -246           | 2,830         | 6,136   |
| Operating income                         | 12,403  | -2,483                 | -1,967        | -4,474         | 1,981         | 5,460   |
| Operating capital                        | 24,218  | 34,289                 | 5,623         | 5,647          | 373           | 70,150  |
| of which Segment assets                  | 48,862  | 39,549                 | 5,807         | 8,919          | 4,233         | 107,370 |
| of which Segment liabilities             | -24,644 | -5,260                 | -184          | -3,272         | -3,860        | -37,220 |
| Equity participations in associates      | 557     | -3                     | 5,508         | 1,568          | 2,297         | 9,927   |
| Investments                              | 10,122  | 5,136                  | 1,271         | 3,661          | 545           | 20,735  |
| of which capex                           | 8,668   | 4,752                  | 83            | 3,611          | 599           | 17,713  |
| Number of employees                      | 13,365  | 2,739                  | 196           | 352            | 497           | 17,149  |
| Average number of full-time employees    | 20,922  | 2,880                  | 201           | 411            | 565           | 24,979  |

## Selected Explanatory Notes to the Financial Statements

## Items Not Reflecting Underlying Business Operations

| msek  | Oct-<br>Dec<br>2002 | Oct-<br>Dec<br>2001 | Jan-<br>Dec<br>2002 | Jan-<br>Dec<br>2001 |
|---|---------------------|---------------------|---------------------|---------------------|
| Phase-out of operations (excluding depreciation, amortization and write-downs) and personnel redundancy costs | -1,427              | 32                  | -5,924              | -478                |
| Certain pension-related items   | 106                 | -226                | -248                | 88                  |
| Initial public offering/integration expenses  | -13                 |                     | -13                 |                     |
| Capital gains/losses (excluding associates)   | -136                | 516                 | -86                 | 774                 |
| Total   | -1,470              | 322                 | -6,271              | 384                 |

## Income from Associated Companies

| msek                                   | Oct-<br>Dec<br>2002 | Oct-<br>Dec<br>2001 | Jan-<br>Dec<br>2002 | Jan-<br>Dec<br>2001 |
|--|---------------------|---------------------|---------------------|---------------------|
| Core business                          | 270                 | 1,271               | 480                 | -2,097              |
| Baltic states (Mobile/Networks/Sonera) | 94                  | 70                  | 218                 | 195                 |
| Turkcell (Sonera)                      | 115                 |                     | 115                 |                     |
| Netia (Networks)                       | 0                   | -21                 | 0                   | -2,464              |
| Comsource/Eircom (Networks)            | 0                   | 1,179               | 151                 | 126                 |
| Other                                  | 61                  | 43                  | -4                  | 46                  |
| Holding                                | -75                 | 2,475               | 48                  | 8,233               |
| Unisource/aucs                         | -2                  | -266                | 38                  | -372                |
| Telia Overseas                         | 44                  | 139                 | 317                 | 2,794               |
| Eniro                                  |                     | 2,629               | -3                  | 6,052               |
| Other                                  | -117                | -27                 | -304                | -241                |
| Total                                  | 195                 | 3,746               | 528                 | 6,136               |



## Long-lived Assets

|  | Intangible assets |         |                   |         | Tangible assets |         |
|--|-------------------|---------|-------------------|---------|-----------------|---------|
|  | Goodwill          |         | Other intangibles |         |                 |         |
|  | Dec 31,           | Dec 31, | Dec 31,           | Dec 31, | Dec 31,         | Dec 31, |
| msek                                   | 2002              | 2001    | 2002              | 2001    | 2002            | 2001    |
| Opening balance                        | 24,686            | 23,935  | 2,130             | 1,263   | 47,314          | 43,807  |
| Purchases                              | 30,929            | 448     | 5,119             | 1,316   | 9,244           | 16,409  |
| Operations acquired                    | 1,248             |         | 1,769             |         | 19,037          | 1,291   |
| Sales/discards                         | -209              |         | -233              | -1      | -241            | -875    |
| Operations divested                    |                   | -396    |                   | -86     | -3              | -1,258  |
| Reclassifications                      | 1,575             | -2      | 1,404             | -68     | -870            | -620    |
| Amortization, depreciation             | -1,736            | -1,375  | -552              | -338    | -10,679         | -8,825  |
| Write-downs, reversals of write-downs  | -202              | -28     | -186              | -2      | -7,506          | -3,428  |
| capex contribution from catv customers |                   |         |                   |         | -2              | 6       |
| Advances                               |                   |         |                   |         | -2              | 3       |
| Exchange rate differences              | 2,293             | 2,104   | 71                | 46      | -120            | 804     |
| Closing balance                        | 58,584            | 24,686  | 9,522             | 2,130   | 56,172          | 47,314  |

## Cash Flow from Investing Activities

| msek   | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
|--|---------|---------|---------|---------|
|  | 2002    | 2001    | 2002    | 2001    |
| Intangible & tangible fixed assets acquired  | 2,231   | -5,083  | -8,572  | -16,922 |
| Shares, participations & operations acquired | 828     | -479    | 456     | -2,241  |
| Shares, participations & operations divested | -82     | 5,640   | 1,062   | 15,631  |
| Other investing activities, net              | -2,711  | 4,603   | 1,501   | 7,164   |
| Total  | 266     | 4,681   | -5,553  | 3,632   |

## Net Interest-Bearing Liability

| msek  | December<br>31,<br>2002 | December<br>31,<br>2001 |
|---|-------------------------|-------------------------|
| Long-term and short-term loans              | 44,732                  | 29,124                  |
| Less: Short-term investments, cash and bank | -6,657                  | -9,120                  |
| Net debt                                    | 38,075                  | 20,004                  |
| Less: Interest-bearing financial assets     | -8,419                  | -7,510                  |
| Interest-bearing receivables                | -4,846                  | -4,191                  |
| Total net borrowings                        | 24,810                  | 8,303                   |
| Provision for pensions                      | 224                     | 2,358                   |
| Total net interest-bearing liability        | 25,034                  | 10,661                  |

## Gross Investments by Class of Asset

| msek                          | Oct-<br>Dec<br>2002 | Oct-<br>Dec<br>2001 | Jan-<br>Dec<br>2002 | Jan-<br>Dec<br>2001 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| Goodwill                      | 30,921              | -87                 | 30,929              | 448                 |
| Other intangible assets       | 4,725               | -63                 | 5,119               | 1,316               |
| Real estate                   | 216                 | 76                  | 237                 | 269                 |
| Machinery and equipment       | 3,508               | 4,836               | 8,989               | 16,128              |
| Fixed networks                | 1,364               | 3,586               | 3,672               | 7,022               |
| Mobile networks               | 511                 | 1,011               | 1,757               | 2,124               |
| Other machinery and equipment | 1,633               | 239                 | 3,560               | 6,982               |
| Shares and participations     | 8,422               | 395                 | 9,164               | 2,574               |
| Total                         | 47,792              | 5,157               | 54,438              | 20,735              |

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|                       |        |       |        |        |
|-----------------------|--------|-------|--------|--------|
| of which capex        | 8,449  | 4,849 | 14,345 | 17,713 |
| of which acquisitions | 39,343 | 308   | 40,093 | 3,022  |

Financial Instruments

|                                     | December 31, 2002 |            | December 31, 2001 |            |
|-------------------------------------|-------------------|------------|-------------------|------------|
|                                     | Book value        | Fair value | Book value        | Fair value |
| msek                                |                   |            |                   |            |
| Equity participations in associates | 23,027            | 19,341     | 9,927             | 9,682      |
| Other holdings of securities        | 1,164             |            |                   |            |