

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

**2. Full-year review of Telia stand-alone**

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

**5. Condensed financial statements of the TeliaSonera Group, legal**

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 Dec 2002	Jan Dec 2001	Jan Dec 2000
MSEK			
Condensed Income 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 items	-47,757	5,253	20,382
Net income	-29,916	2,143	15,239
Pro forma*	Dec 31, 2002		
MSEK			
Condensed Balance 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 liabilities	29,597		
Total equity and liabilities	206,821		
Pro forma*	Jan Dec 2002	Jan Dec 2001	Jan Dec 2000
MSEK			
Condensed Cash Flow Statements			
Cash flow from operating activities	21,198	14,181	14,405
Intangible and tangible 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
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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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan- Dec 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, amortization etc.	-3,434	-6,285	-20,202	-13,975
Items not reflecting underlying business operations	-1,185	322	-5,986	384
Income from 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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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, amortization etc.	-1,547	-886	-4,422	-3,385
Items not reflecting underlying business operations	29	-2	-357	-49
Income from 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
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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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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, amortization etc.	-92	-3,284	-5,960	-3,589
Items not reflecting underlying business operations	-1,130	-1	-4,780	-1
Income from 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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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, amortization etc.	-1,554	-1,545	-8,682	-5,422
Items not reflecting underlying business operations	-338	-13	-979	-71
Income from 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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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, amortization etc.	-107	-225	-462	-886
Items not reflecting underlying business operations	179	652	215	-209
Income from 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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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, amortization etc.	-852	-740	-3,106	-3,073
Items not reflecting underlying business operations	-806	-1,046	-2,070	6,673
Income from 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 MSEK	Oct Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 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, amortization etc.	-284	-296	-1,136	-1,175
Items not reflecting underlying business operations	-9		-9	
Income from 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 Dec 2002	Oct Dec 2001	Jan Dec 2002	Jan Dec 2001
MSEK				

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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, amortization etc.	-101	-93	-366	-435
Items not reflecting underlying business operations	65	-740	632	-861
Income from associates	-311		-293	
Operating income	-439			