

Lehdistötiedote

28.10.2005

Standard & Poor's on laskenut TeliaSonera AB:n luottoluokitusta A-/A-2:een vakain tulevaisuuden näkymin

Standard & Poor's Rating Services on 28.10.2005 laskenut TeliaSonera AB:n pitkä- ja lyhytaikaiset corporate- luottoluokitukset A-/A-2:een A/A-1:stä. Tulevaisuuden näkymät ovat vakaat.

"Olemme tietoisia Standard & Poor'sin tämänpäiväisestä luottoluokitusta koskevasta muutoksesta. Kuitenkaan TeliaSoneren yleisessä taloudellisessa tilanteessa tai strategisissa tavoitteissa ei ole tapahtunut mitään merkittävää muutosta. Luotonottokykyämme kuvaavat mittarit ovat edelleen hyvin vahvoja ja tällä toimialalla Euroopan vahvimpia. Kaiken kaikkiaan, emme odota Standard & Poors'in toimella olevaan merkittävää vaikusta TeliaSoneren luottorahoituksen kustannuksiin", toteaa TeliaSoneren Varatoimitusjohtaja ja talous- ja rahoitusjohtaja Kim Ignatius.

Lisätietoja aiheesta allaolevassa Standard & Poors'in lehdistötiedotteesta.

Sweden's TeliaSonera AB Ratings Lowered To 'A-/A-2' On Weaker Business Profile; Outlook Stable

Contacts

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Rationale

On Oct. 28, 2005, Standard & Poor's Ratings Services lowered its long- and short-term corporate credit ratings to 'A-/A-2' from 'A/A-1' on the largest Nordic telecommunications operator, TeliaSonera AB. The outlook is stable.

The downgrade reflects TeliaSonera's continued struggle against difficult conditions in its core Swedish and Finnish markets, despite some signs of stabilization in the past quarter. Although TeliaSonera's balance sheet remains a source of rating support, fierce competition in mobile telephony in Finland, and to a lesser degree in Sweden, has weakened the company's business profile. The ratings continue to reflect TeliaSonera's strong positions in its core Nordic and Baltic markets, and the company's conservative financial profile.

At Sept. 30, 2005, TeliaSonera had on-balance-sheet debt of Swedish krona (Skr) 26.8 billion (\$3.4 billion).

For the 12 months ended Sept. 30, 2005, Finland's share of total EBITDA fell to 14%, from 23% one year earlier. In the company's cash-generative Swedish fixed-line business, which represents 36% of total EBITDA, third-quarter 2005 profits dropped 6% year-on-year, on continued stiff competition, increased activity in fixed-to-mobile substitution, and Voice over Internet Protocol development. TeliaSonera is still performing well in Denmark, however, essentially on the back of the

TeliaSonera on Pohjolan ja Baltian johtava televiestintäyritys. Joulukuun lopussa 2004 TeliaSoneralla oli 15 411 000 matkaviestintäasiakasta (osakkuusyhtiöt mukaan lukien 51 359 000), 8 312 000 kiinteän verkon asiakasta ja (osakkuusyhtiöt mukaan lukien 8 943 000) ja 2 017 000 internet-asiakasta (osakkuusyhtiöt mukaan lukien 2 056 000). Kotimarkkinoiden ulkopuolella TeliaSoneralla on merkittäviä omistusosuuksia kasvavilla markkinoilla Venäjällä, Turkissa ja Euraasiassa. TeliaSonera noteerataan Tukholman Pörssissä ja Helsingin Pörssissä. Tammi-joulukuun 2004 - liikevaihto oli 81,9 miljardia Ruotsin kruunua (9,08 miljardia euroa). Työntekijöiden määrä oli 29 082.

Orange Denmark acquisition at year-end 2004. Similarly, the company's operations in the Baltic region are benefiting from the consolidation of Estonia's No. 1 mobile provider EMT.

Ongoing very strong free cash flow generation--a critical support for the ratings--represented 18% of revenues in the 12 months ended Sept. 30, 2005.

TeliaSonera's sound capitalization also continues to support the ratings, as debt, net of excess cash and adjusted for operating leases and after-tax pension underfunding, was just 0.6x EBITDA before one-off items.

The company's shareholder return policies include a 30%-50% payout ratio and the continuation of a Skr30 billion additional return program, of which Skr10 billion has already been executed. Another Skr10 billion is to be proposed at the next Annual General Meeting in April 2006.

Short-term credit factors

Our 'A-2' short-term credit rating reflects TeliaSonera's strong internal liquidity, good cash flow capacity and visibility, and significant access to capital markets.

At June 30, 2005, TeliaSonera's liquidity was supported by:

- Available cash and short-term investments of Skr17 billion, of which Skr1 billion is blocked to guarantee payments in Italy;
- Expected continued strong free cash flow; and
- Undrawn committed bank credit facilities of about Skr10 billion.

The main near-term cash requirements--short-term debt of Skr6.2 billion and the exceptional Skr10 billion dividend payment to be proposed are therefore easily manageable.

Outlook

The stable outlook reflects Standard & Poor's expectations that TeliaSonera will successfully address challenging Nordic market conditions, at least stabilizing its revenue and profitability in its core Nordic markets, and fund possible small to midsize acquisitions while preserving conservative financial leverage. Notably, we expect net adjusted debt to remain at or below 2x EBITDA, excluding contributions from the company's risky and not fully controlled central Asian operations.

A significant and unexpected increase in leverage, particularly beyond our leverage target of 2x, or further deterioration in operating performance in the core Nordic markets could cause downward pressure the ratings. We do not, at present, foresee near-term credit upside given the trading environment in Finland and Sweden.

Ratings List

| | To | From |
|-------------------------|---------------|----------------|
| TeliaSonera AB | | |
| Corporate credit rating | A-/Stable/A-2 | A/Negative/A-1 |
| Commercial paper | A-2 | A-1 |
| TeliaSonera Finland Oyj | | |
| Corporate credit rating | A-/Stable/A-2 | A/Negative/A-1 |

NB: This list does not include all ratings affected.

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