

SONERA CORP
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**PROSPECTUS FILED PURSUANT TO RULE 425 UNDER THE SECURITIES
ACT OF 1933 AND DEEMED FILED PURSUANT TO RULE 14D-2 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

May 7, 2002

TELIA AB

(Name of Filer)

SONERA CORPORATION

(Subject Company)

0-30340

(Exchange Act File No. of Subject Company)

THE FOLLOWING IS TELIA AB S FIRST QUARTER REPORT PUBLISHED ON MAY 6, 2002.

First Quarter Report

January March, 2002

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

Q1 in Brief

Group net sales increased 2 percent to MSEK 13,885 (13,592)

- Core business +9 percent

Underlying EBITDA increased to MSEK 3,381 (3,348)

- Core business +5 percent

Earnings after financial items climbed to MSEK 535 (502)

Capital expenditure (CAPEX) decreased to MSEK 2,022 (3,568)

The number of employees totaled 16,804 (29,936)

Telia and Sonera announced plans to merge

Review of Group Earnings

MSEK	Jan.-March 2002	Jan.-March 2001	Jan.-Dec. 2001
Net sales	13,885	13,592	57,196
Change in net sales (%)	2.2	5.7	5.8
Underlying EBITDA	3,381	3,348	12,915
Underlying EBITDA margin (%)	24.4	24.6	22.6
Operating income	709	811	5,460
Income after financial items	535	502	4,808
Net income	127	291	1,869
Basic and diluted earnings per share (SEK)	0.04	0.10	0.62
Investments	2,053	3,659	20,735
Of which CAPEX	2,022	3,568	17,713
Of which acquisitions	31	91	3,022

Comments from Marianne Nivert, President and CEO

We have seen a positive trend in our core businesses and we can already see the effects of the streamlining measures in Telia Internet Services and Telia International Carrier.

As already announced, we are stepping down our investments now, which will have a positive impact on cash flow.

In the planned merger, Telia and Sonera will together form a strong and successful telecommunications company in northern Europe, says Marianne Nivert.

Review of the Group**Sales and Earnings**

The Telia Group's net sales increased 2 percent to MSEK 13,885 during the first quarter compared to the corresponding quarter 2001. Sales for comparable operations increased 9 percent.

Underlying EBITDA increased 1 percent to MSEK 3,381.

Telia's sales and earnings were affected by the divestiture of non-core operations carried out in 2001 as part of the Group's refine and focus efforts.

In the core businesses, which showed a stronger development than the Group as a whole, sales rose 9 percent and underlying EBITDA increased 5 percent.

Net Sales per Business Area¹⁾

	Jan-Mar 2002 MSEK	Chg. %	Jan-Mar 2001 MSEK	Jan-Dec 2001 MSEK
Mobile	4,654	16.8	3,985	17,857
Internet Services	975	36.4	715	3,288
International Carrier	1,014	35.2	750	3,652
Networks	6,909	-1.7	7,027	29,159
<i>Retail market</i>	5,827	-6.5	6,230	24,802
<i>Wholesale market</i>	1,082	35.8	797	4,357
Group-wide	333	-70.1	1,115	3,240
<i>Staff, support, programs & other</i>	73	43.1	51	168
<i> Holding</i>	260	-75.6	1,064	3,072
Total	13,885	2.2	13,592	57,196
<i>of which core business</i>	<i>13,625</i>	<i>8.8</i>	<i>12,528</i>	<i>54,124</i>

1) For further information: www.telia.com, Investor Relations, Financial Information, External Net Sales per Business Area and Product Segment (specification).

Sales in Telia Mobile surged 17 percent to MSEK 4,654. Growth was particularly strong on the Norwegian market. The number of new mobile customers increased by 75,000 to 5,011,000 in the first quarter. Underlying EBITDA climbed 6 percent to MSEK 1,234. The margin fell from 26 to 24 percent, though this was an improvement compared to the fourth quarter of 2001.

Demand for broadband remained strong and led to a 36 percent jump in the sales of Telia Internet Services, to MSEK 975. Earnings improved by MSEK 180 as a result of the streamlining. Compared with the fourth quarter 2001, the improvement in earnings was MSEK 53. Telia is the leading broadband provider in Sweden and is the second leading provider in Denmark.

The carrier market continues to be characterized by weak growth and sustained price pressure. Telia International Carrier strengthened its market position and sales rose 35 percent to MSEK 1,014. Sales remained at approximately the same level compared with the fourth quarter 2001. Earnings improved during the period. Compared with the fourth quarter 2001, underlying EBITDA improved by MSEK 50.

Telia Networks increased its fixed network wholesale sales 24 percent for comparable operations. The increase largely compensated for reduced revenues on the Swedish retail market, where local carrier preselection was implemented on February 2, 2002.

Underlying EBITDA and Operating Income

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Mobile	1,234	1,167	4,705
Internet Services	-170	-350	-970
International Carrier	-331	-265	-1,569
Networks	2,814	2,837	11,710
Group-wide	-166	-41	-961
<i>Staff, support, programs & other</i>	-238	-238	-1,226
<i> Holding</i>	72	197	265
Total underlying EBITDA	3,381	3,348	12,915
<i>of which core business</i>	<i>3,309</i>	<i>3,151</i>	<i>12,650</i>
Depreciation, amortization & write-downs	-2,707	-2,410	-13,975
Non-recurring items & pensions	23	30	384
Income from associated companies	12	-157	6,136
Operating income	709	811	5,460

Sales for Telia Networks as a whole fell 2 percent to MSEK 6,909. Sales for comparable operations fell 1 percent. Underlying EBITDA totaled MSEK 2,814, which is on the same level as the comparative quarter.

For Group-wide functions and projects (staff, support, programs & other), underlying EBITDA amounted to MSEK -238, which is on the same level as the corresponding quarter 2001.

Depreciation, amortization and write-downs increased to MSEK 2,707 (2,410). This is attributable to major investments made in 2001 in the buildout of broadband in Sweden, in capacity reinforcements in the Swedish fixed network and in the expansion of the international carrier network. Non-recurring items totaled MSEK 23 (30).

Income from Associated Companies

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Core business	23	-403	-2,103
Baltic states (Mobile/Networks)	35	23	195
Netia (Networks)	0	-143	-2,464
Comsource/Eircom (Networks)	0	-204	126
Other	-12	-79	40
Holding	-11	246	8,239
Unisource/aucs	0	-49	-372
Telia Overseas	17	-2	2,794
Eniro		292	6,052
Other	-28	5	-235
Total	12	-157	6,136

Telia First Quarter Report Jan.-March, 2002

Earnings from associated companies improved to MSEK 12 (-157), despite non-recurring items in the comparative period in the form of capital gains and issue proceeds of MSEK 607. The improved performance is attributable to the divestiture in 2001 of associated companies that previously reported losses, such as Tess, Eircom and Scandinavia Online. The improvement is also because the earnings in Netia had no effect as the book value of Telia's holdings in the company was zero at the beginning of the year.

Operating income totaled MSEK 709 (811). Financial items declined to MSEK 174 (309). Earnings after financial items climbed to MSEK 535 (502). Net income totaled MSEK 127 (291).

Financial Position and Cash Flow

The Group's financial position remains good. Total assets decreased during the first quarter, chiefly attributable to the use of capital gains from the sale of businesses at the end of 2001 to amortize loans. The asset turnover rate and equity/assets ratio improved.

MSEK	March 31 2002	Dec. 31 2001	Dec. 31 2000
Interest coverage ratio (multiple)	2.0	3.0	7.3
Change in total assets (%)	-7.1	4.5	60.2
Asset turnover ratio (multiple)	0.47	0.46	0.54
Equity/assets ratio (%)	49.2	46.2	44.4
Capital employed	84,634	90,971	92,374
Operating capital	70,715	70,150	75,042
Net interest-bearing liability	11,908	10,661	20,235
Debt/equity ratio (multiple)	0.20	0.18	0.37

Operating cash flow was negative during the period (MSEK -865), but was greatly strengthened compared with the first quarter of the preceding year (MSEK -3,026). The improvement is a result of the planned decrease in the level of investment and a reduction in the seasonal increase in working capital.

Net indebtedness increased somewhat compared with year-end, the debt/equity ratio continues to be low compared to other operators with similar business.

Financial Risk Management

Foreign Exchange Risk

The Telia Group has a relatively limited operational need to net purchase foreign currency, primarily due to the settlement deficit in telephony traffic and import of materials.

Telia's general policy is normally to hedge the majority of known operational conversion exposure up to 12 months into the future. Given an operational net transaction exposure equal to that of 2001, and provided that no hedging measures were taken, there would be a negative impact on Group earnings of approximately MSEK 30 on an annual basis if the Swedish krona weakened one percent against the transaction currencies.

The Group is growing relatively robustly in other countries, which implies rising conversion exposure. Telia manages this in various ways, depending on the following factors: investment horizon, size of commitment, the country in which we are doing business, and the currency. With consideration given to fiscal effects, Telia normally hedges translation exposure that is relatively short-term, involves substantial amounts, and which is located in a country with a stable financial market or is denominated in a readily available currency. Telia does not hedge to the same extent exposure that is long-term or of lesser amounts in countries or currencies that are difficult to manage from a financial perspective. As of March 31, the Group had hedged conversion exposure equal to approximately MSEK 480.

Interest Rate Risk

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Telia's financial policy provides guidelines for fixing interest rates on loan debt relative to the average life of the loan. The Group's policy is that the duration of loan debt should be from six months to four years. The Group arrived at this duration range by balancing the estimated ongoing cost of borrowing and the risk of significant negative impact on earnings should there be a sudden, major change in interest rates. The general principle is to optimize interest rate risk from an overall Group perspective.

Approximately GSEK 5 was used during the first quarter of 2002 to repay loans. As of March 31, the Group had interest-bearing liabilities of approximately GSEK 24 with duration of approximately two years.

Financing and Liquidity Risk

Telia is considered one of the most creditworthy telecommunications companies in Europe, which gives the Group good opportunities to finance operations using the financial markets.

In April, the credit rating agency Standard & Poor's downgraded its credit rating for Telia AB to A+ for long-term borrowing and to A-1 for short-term borrowing. Standard & Poor's also put Telia's rating on its watch list for possible downgrading in light of the bid on Sonera Oyj. Telia's rating from the credit rating agency Moody's is the highest possible, P-1, for short-term borrowing. Telia's rating from Moody's for long-term borrowing is A1. Moody's has also posted Telia's rating on its watch list for possible downgrading.

Telia AB has a Revolving Credit Facility, i.e., confirmed loan commitments from a consortium of leading international banks, which constitutes a liquidity tool for the Group. At present, the loan commitment amounts to MUS\$ 1,000 or the equivalent value in certain other currencies. It was not utilized as of March 31.

Investments

In line with Telia's previously published focus, investments decreased 44 percent compared to the same quarter of 2001.

Investments by Class of Asset

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Goodwill	4	29	448
Other intangible assets	59	52	1,316
Real estate	48	57	269
Machinery and equipment	1,915	3,459	16,128
<i>Fixed networks</i>	354	422	7,022
<i>Mobile networks</i>	402	349	2,124
<i>Other machinery and equipment</i>	1,159	2,688	6,982
Shares and participations	27	62	2,574
Total	2,053	3,659	20,735

The decrease is primarily attributable to the international carrier operations, where the buildout of the Viking Network is in its final stages. Telia's network investments are now focused on demand-driven capacity expansion.

Employees

The Group's refine and focus strategy, primarily the partial divestiture of Telefonos and the sale of Orbiant, entailed a 33 percent reduction in the average number of full-time employees, to 16,671 during the first quarter compared with 24,979 for the full year 2001.

Telia and Sonera Announced Plans to Merge

On March 26, 2002, Telia and Sonera announced their plan to merge. The merger will create the leading telecommunications group in the Nordic and Baltic regions with combined preliminary pro-forma 2001 revenues of GSEK 83, underlying EBITDA of GSEK 20.8 and operating income of GSEK 11.4 and approximately 34,000 employees.

The home market for the combined group comprises 31 million people in the Nordic and Baltic countries. The combined entity is expected to have 8.1 million mobile customers and 7.6 million fixed line customers across the Nordic and Baltic regions. The associated companies of the combined group are expected to have 14.6 million mobile customers and 1.2 million fixed line customers.

Telia and Sonera expect significant cost and capital expenditure synergies as a result of the merger. Full cost synergies are expected to be derived in 2005 and are estimated at GSEK 2.7. Approximately 50 percent of the full amount is expected to be realized in 2003, and 75 percent in 2004. The capital expenditure synergies are expected to peak during 2004 at approximately MSEK 900. After 2005, continued capital expenditure synergies are expected to amount to MSEK 450 per year.

One-off costs (excluding transaction costs) resulting from the merger are expected to be limited in 2002 and total GSEK 2.3 in 2003. Telia and Sonera conservatively estimate pre-tax cash flow synergies to be approximately GSEK 2.7 per year after 2005.

The merger will be effected through an exchange offer to all shareholders of Sonera by Telia. Sonera shareholders will receive 1.51440 Telia shares in exchange for each Sonera share.

Pro-forma ownership of the new group will be 64 percent for current Telia shareholders and 36 percent for current Sonera shareholders, assuming 100 percent acceptance of the offer.

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The merged company will have a primary listing on Stockholmsbörsen (Stockholm Exchange) and will seek secondary listings on the Helsinki Stock Exchange and in the United States.

Annual General Meeting Decisions

In accordance with the recommendation of Telia's Board of Directors, the Meeting of April 23, 2002 approved a dividend for 2001 of SEK 0.10 per share and an extra dividend of SEK 0.10 per share, totaling a dividend of SEK 0.20 per share.

Lars-Eric Petersson, Peter Augustsson, Carl Bennet, Ingvar Carlsson, Anders Igel, Lars Olofsson, Caroline Sundewall and Marianne Nivert were reelected members of the Board.

Financial Information

Semiannual Report Jan.-June Aug 6
Third Quarter Report Jan.-Sept. Nov 4

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Review of Business Areas**Telia Mobile**

Customer growth, increased SMS usage and increased traffic per customer, primarily in Norway, contributed to a 17 percent surge in external net sales, to MSEK 4,654 in the first quarter compared to the corresponding quarter 2001.

Telia Mobile added 75,000 customers in the Nordic countries, for a total of 5,011,000, and the number of customers via service providers increased by 4,000 to 190,000.

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Net sales	5,059	4,526	19,830
of which external	4,654	3,985	17,857
Underlying EBITDA	1,234	1,167	4,705
EBITDA margin (%)	24.4	25.8	23.7
Operating income	381	452	1,632
Investments	445	510	4,979
Mobile telephony, Sweden Net sales	2,734	2,669	11,546
of which external	2,446	2,247	10,047
Underlying EBITDA	1,206	1,194	5,132
EBITDA margin (%)	44.1	44.7	44.4
Investments	97	237	1,364
Mobile telephony, Norway Net sales	1,200	905	4,316
of which external	1,176	899	4,287
Underlying EBITDA	422	286	1,381
EBITDA margin (%)	35.2	31.6	32.0
Investments	212	124	1,057
Mobile telephony, Denmark Net sales	194	183	731
of which external	163	159	633
Underlying EBITDA	-128	-144	-602
EBITDA margin (%)	neg	neg	neg
Investments	36	49	1,565
Mobile telephony, Finland Net sales	216	142	666
of which external	215	137	648
Underlying EBITDA	-104	-71	-412
EBITDA margin (%)	neg	neg	neg
Investments	49	38	412
Business solutions, telephony Net sales	535	415	1,619
of which external	479	371	1,450
Underlying EBITDA	-21	33	-107
EBITDA margin (%)	neg	8.0	neg
Investments	0	1	18

Underlying EBITDA climbed 6 percent to MSEK 1,234. The margin was 24 percent (26).

Depreciation increased to MSEK 897 (741).

Earnings from associated companies in the Baltic states and Russia increased to MSEK 61 (42). The companies' combined customer base increased during the quarter by 314,000 customers, to 2,351,000.

Operating income totaled MSEK 381 (452).

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Investments in the first quarter totaled MSEK 445 (510). The investments primarily targeted expanding capacity in Sweden and Norway and the buildout of the GSM networks in Denmark and Finland.

A shared organization for the Nordic market was introduced on April 1 as a means to facilitate synergies.

Mobile telephony, Sweden

External sales rose by 9 percent to MSEK 2,446 for the Swedish operations.

Telia reduced its price for interconnect traffic on March 1, 2002 from SEK 1.18 to SEK 0.92, as ordered by the Swedish National Post and Telecom Agency (PTS). Telia has appealed the PTS decision to the county administrative court.

The number of GSM customers increased by 22,000 to 3,317,000, while the number of customers via service providers increased by 17,000 to 91,000. The surge in the number of customers via service providers is mainly due to the Halebop Mobile prepaid card initiative.

The average traffic volume per customer and month rose to 121 minutes (119).

During the first quarter, nearly 109 million SMS messages were sent, up 38 percent from the same quarter of 2001.

The average monthly revenue per customer (ARPU) fell to SEK 262 (273) due to reduced interconnect fees and an increased share of prepaid card customers. Reduced interconnect fees led to a 4 percent decline in the price level compared with the same quarter 2001, corresponding to revenues of slightly over MSEK 100.

Churn was 11 percent, which is on the same level as the same quarter of the preceding year.

Underlying EBITDA climbed 1 percent to MSEK 1,206 and the margin totaled 44.1 percent (44.7).

Telia began a collaboration with Microsoft and WM-data to develop solutions that will make it possible to access company intranets using a mobile phone.

A low-price GPRS offer, Telia Mobile Online Micro, was launched on the Swedish market for customers who use GPRS services sporadically and customers who want to try GPRS.

Using the Halebop portal, Telia was the first operator in Sweden to launch online games that can be played using a computer or a mobile phone with Java applications installed.

During the first quarter, the Swedish Competition Authority granted approval of Telia's and Tele2's 3g network collaboration.

Mobile telephony, Norway

External net sales increased 31 percent to MSEK 1,176. The number of customers during the first quarter increased by 15,000 to 985,000, while the number of customers via service providers fell 13,000 to 99,000.

During the quarter, 166 million SMS messages were sent, up 57 percent from the same quarter of 2001.

The average traffic volume per customer per month increased to 144 (131) minutes and ARPU climbed to NOK 326 (292).

Underlying EBITDA climbed 48 percent to MSEK 422 and the margin was strengthened to 35.2 percent (31.6). The improvement is attributable to a combination of volume growth and cost management.

An agreement was signed with one of Norway's largest electronics chains, Expert, for the distribution of NetCom's products and services. There are approximately 300 Expert shops throughout Norway.

A new price structure was introduced for prepaid cards, which means that customers pay the same rate per minute regardless of where and when they make calls.

Mobile telephony, Denmark

External sales increased by 2 percent to MSEK 163. The increase was mainly attributable to customer growth. In the first quarter, the number of customers rose by 34,000 to 322,000.

Underlying EBITDA improved to MSEK -128 (-144).

The Choice household subscription was launched at the end of 2001, enabling customers to create their own service packages. A large part of new sales during the first quarter was attributable to Choice.

Telia Mobiz, a product that targets business customers, was launched during the quarter. The product combines a flat rate on traffic with a telephone lease offer.

Construction is underway on the GSM 900 network. At the end of the quarter, the network had a geographic footprint of 66 percent. The network is expected to attain full buildout as per the license provisions before the end of the year.

The new network will allow Telia to offer more attractive prices and nationwide services in Denmark.

Mobile telephony, Finland

In the Finnish market, external sales jumped 57 percent to MSEK 215 compared with the same quarter of 2001. The increase is attributable to customer growth and the resulting higher traffic.

Underlying EBITDA decreased to MSEK -104 (-71). Earnings were burdened by MSEK 16 in inventory write-downs. Earnings showed an improvement of MSEK 43 compared to the fourth quarter.

The number of customers rose by 6,000 to 245,000 during the first quarter.

An agreement was signed with Suomen 2G Oy for national roaming, enabling Telia to offer nationwide services in Finland.

An agreement was signed with Scandic Hotels Oy for the installation of HomeRun (wireless Internet access) at Scandic's hotels and conference facilities in Finland. With this, HomeRun is now available at 420 locations in the Nordic countries.

In April 2002, an agreement was signed with Finnair for the installation of HomeRun in a number of the airline's business lounges.

Baltic states and Russia

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The mobile operator companies in Russia and the Baltic states continued to report positive growth and the number of customers increased by 314,000 to 2,351,000. The greatest expansion was in the Russian operations.

Earnings from associated companies in the Baltic states and Russia improved to MSEK 61 (42).

Other mobile operations

Other operations, including mobile portals, paging, shops and radio contracting, increased net sales by 2 percent to MSEK 175, while underlying EBITDA fell MSEK 10 to MSEK 141.

In April 2002, an agreement was signed with Generic Mobile Systems ab for the transfer of the Minicall paging service. Generic will manage the service and the transfer is part of the streamlining efforts within Telia Mobile's operations.

Business solutions, telephony

Business customers are demanding greater mobility in their communications solutions. Most of today's business systems are set up for fixed telephony. To accelerate the development of business communications systems that integrate fixed and mobile voice communication, the Business Solutions telephony product area was moved from the business area Telia Networks to Telia Mobile on January 1, 2002. Work is underway to streamline the operations and develop system concepts that strengthen Telia's competitiveness on the business market.

Business Solutions posted external net sales of MSEK 479 for the first quarter, up 29 percent from the same period the preceding year. The sales growth is attributable to the fact that equipment previously sold on commission is now sold directly by Telia.

Underlying EBITDA decreased to MSEK -21 (33).

Sales of Centrex with mobile connections continued to be strong and the service was sold to additional municipalities in Sweden and to Lantmäteriverket (National Land Survey of Sweden).

Telia Internet Services

Continued strong demand on broadband access and increased sales of pay-per-view and digital TV subscriptions contributed to a 36 percent year on year increase in external sales to MSEK 975.

Earnings continued to improve during the period. Reduced development costs for Internet services, efficiency measures in the customer support function and improved cable television margins contributed to an improvement in underlying EBITDA of MSEK 180, to MSEK 170. Compared with the fourth quarter, the improvement in earnings was MSEK 53.

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Net sales	982	719	3,305
of which external	975	715	3,288
Underlying EBITDA	-170	-350	-970
EBITDA margin (%)	neg	neg	neg
Operating income	-289	-442	-1,649
Investments	115	251	903
Sweden			
Net sales	826	619	2,817
of which external	819	615	2,802
Underlying EBITDA	-162	-323	-914
EBITDA margin (%)	neg	neg	neg
Investments	88	228	722

Depreciation totaled MSEK 109 (76) and referred mainly to the adaptation of cable television networks to broadband.

Losses in associated companies (the e-commerce company Marakanda) decreased to MSEK -9 (-15).

Operating income improved by MSEK 153 to MSEK -289. Earnings improved MSEK 272 compared with the fourth quarter.

Investments amounted to MSEK 115 (251).

Internet accesses

Internet accesses represent most of the business area's revenues. Sales increased 31 percent to MSEK 594 compared with the same quarter in the preceding year. The number of access customers jumped from 1,139,000 to 1,186,000.

Demand for broadband access remained strong in the household segment. The business segment also showed a strong increase in demand. During the first quarter, 50,000 paying broadband customers were added, bringing the total to 353,000. This indicates somewhat lower sales than during the fourth quarter, which was boosted by Christmas sales.

Telia is gradually refining its access offers. A new access service, Internet Cable with 1 Mbps speed, was launched during the quarter.

Dial-up Internet is still the dominating access form, but demand is slowing as customers switch to broadband.

Telia is the leading broadband provider in Sweden and is second on the Danish broadband market through the cable television company Telia Stofa. Telia has plans to offer broadband access over adsl in Denmark as well.

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Internet Accesses ('000)	March 31, 2002	Change	Dec. 31, 2001
Sweden			
Dial-up access	740	-7	747
Broadband	288	+43	245
of which adsl/lan	233	+39	194
of which ProLane	3	0	3
of which cable TV	52	+4	48
Denmark			
Dial-up access	93	+4	89
Broadband via cable TV	65	+7	58
Total accesses	1,186	+47	1,139
of which dial-up access	833	-3	836
of which broadband	353	+50	303

Internet services

In addition to access, Telia offers Internet support services. Sales of Internet services rose to MSEK 31 (13). E-commerce solutions and security services are the primary drivers behind these revenues.

During the quarter, Telia launched RoamConnect, a service aimed at companies that makes it possible to connect to the Internet from abroad. For household customers, Telia launched Internet För Alla, a simplified way to connect to the Internet without passwords or subscriptions for which the user only pays for the time connected.

A shared brand was created for all of Telia Internet Services portals in Sweden and Denmark in order to generate synergies and economies of scale: (www.comhem.se (www.comhjemdk)).

Live broadcasts from MTV, MTV Live, were launched on the portal during the first quarter.

Work is underway on concentrating the product portfolio to access-related services, such as hosting, streaming, e-commerce, security and communications.

Cable television

Sales in the television operations rose 30 percent to MSEK 308 during the first quarter compared with the same quarter of 2001. The increased revenues are mainly attributable to higher average revenue from property owners, increased number of digital TV customers and increased pay-per-view sales. Profitability continued to improve during the period.

In Sweden, where most of the cable television network is digitized, the number of digital TV customers increased by 23,000 to 126,000. The number of cable television customers in Sweden was 1,389,000 at the end of the quarter.

In Denmark, 186,000 customers were connected directly via cable and 430,000 indirectly via parabolic antenna connections.

Telia International Carrier

Telia First Quarter Report Jan.-March, 2002

External net sales rose to MSEK 1,014 for the international carrier operations, an increase of 35 percent compared to the same period of 2001. Sales of capacity and IP traffic nearly doubled, while telephony sales increased 17 percent.

Revenues remained at approximately the same level compared to the fourth quarter. This was due to reduced telephony revenues on the German market. Sales for IP traffic and capacity climbed 5 percent, however, despite continued price pressure.

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Net sales	1,195	984	4,632
of which external	1,014	750	3,652
Underlying EBITDA	-331	-265	-1,569
EBITDA margin (%)	neg	neg	neg
Operating income	-528	-334	-5,159
Investments	173	1,132	5,037

At the end of 2001, the American portion of the network was lit up and the network began to generate revenues during the quarter. Moreover, there was an increase in orders received for IP traffic and capacity, which will have a positive effect on earnings at the end of the second quarter.

Underlying EBITDA totaled MSEK 331, which is an improvement of MSEK 57 compared with the fourth quarter 2001. The improved performance is attributable to the gradual move of traffic onto Telia's own infrastructure, reducing leased capacity costs.

Streamlining efforts are underway within International Carrier, including renegotiating agreements for operation and maintenance and reviewing facilities and costs for consultants. The measures are expected to yield effects starting in the second half of 2002.

Turbulence in the carrier market has continued in 2002. This turbulence has led to a shakeout of several players, which opens up opportunities for acquiring infrastructure at reasonable prices. In order to reduce leased capacity costs in England, Telia acquired a 1,500 kilometer long fiber and duct network in England during the first quarter. The network is equipped with 216 fibers and connects the 12 largest cities, seven of which with built-out fiber-optic intra-city networks that facilitate connecting customers to the Viking Network.

In Europe, the fiber-optic network was extended from 16,000 to 19,800 kilometers, while duct capacity grew from 10,500 to 11,900 kilometers. The Bordeaux-Marseille-Lyon-Paris routes were completed, among others.

Several additional network routes were lit up and at the end of the quarter, 90 percent of the European network was in traffic. Continued network expansion is underway in Russia, the Baltic states and Spain. Large parts of these investments are already complete.

Telia's investments decline as the network is completed and lit up. Investments dropped to MSEK 173 (1,132) during the first quarter. In addition to the network acquisition in England, investments were made in network construction in Eastern Europe and Spain and in equipment for bringing several network routes into service. Investments in 2002 are expected to total no more than MSEK 1,500.

Telia Networks

Telia Networks' external net sales for the fixed network business decreased 2 percent to MSEK 6,909. Sales for comparable operations fell 1 percent.

Wholesale business showed continued growth while traffic revenues on the retail market continued to fall during the quarter.

The average price level was 1 percent higher than during the comparative quarter.

Underlying EBITDA totaled MSEK 2,814, which is on the same level as the corresponding quarter 2001. The margin was somewhat weakened.

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Net sales	8,289	8,049	34,065
of which external	6,909	7,027	29,159
Underlying EBITDA	2,814	2,837	11,710
EBITDA margin (%)	33.9	35.2	34.4
Operating income	1,394	1,176	3,854
Investments	1,176	1,427	7,129
Sweden			
Net sales	7,857	7,612	32,085
of which external	6,602	6,680	27,707
Underlying EBITDA	2,767	2,851	11,701
EBITDA margin (%)	35.2	37.5	36.5
Investments	947	1,161	5,712

1) Changed purchasing routines affected sales. For further information: www.telia.com, Investor Relations, Financial Information. The implementation of local carrier preselection in the Swedish market on February 2 reduced traffic revenues, which was partly compensated by increased interconnect traffic revenues. The net effect of local carrier preselection is estimated at MSEK -70 for the quarter.

Non-recurring items totaled MSEK -34 (-42).

Earnings from associated companies improved by MSEK 356 to MSEK -16. The improvement is attributable to the sale of Eircom, which previously burdened earnings, and to the fact that the book value of Netia fell to zero. The ongoing reconstruction of the company's capital structure will reduce Telia's participating interest in Netia from currently 48.1 percent to approximately 3 percent. Eircom was owned via the company Comsource, which was divested on April 18. The sale yields a second quarter capital gain of approximately MSEK 150 and reduces net indebtedness by approximately MSEK 900. Depreciation increased to MSEK 1,370 (1,247). Operating income increased to MSEK 1,394 (1,176).

Investments declined to MSEK 1,176 (1,427). Most of the investments referred to adsl expansion and capacity

reinforcement of the Swedish fiber-optic backbone network and fiber-optic networks in larger cities and IP network expansion in Sweden and Denmark.

Several streamlining measures are underway that are expected to have an impact towards the end of the year. Customer service is being concentrated from its current 31 locations to 13 centers. Sales of unprofitable products have stopped and these products will be discontinued.

Ongoing efficiency efforts had a positive effect on both sales and profitability in Denmark during the quarter.

Retail market

Sales fell 7 percent to MSEK 5,827 on the retail market. Sales for comparable operations fell 5 percent. The decline is due to falling traffic revenues in Sweden, which is mainly attributable to the implementation of local carrier preselection. First quarter traffic revenues dropped 13 percent to MSEK 2,218.

Subscription sales in Sweden increased 4 percent to MSEK 1,914 due to the price increase for consumers that took effect in March 2001.

The number of telephone subscriptions dropped by 21,000 to 5,642,000, mainly due to new, young customers opting to use mobile telephony rather than fixed line subscriptions. After a long period of growth, the number of ISDN channels is also on the decline. The number of ISDN channels fell by 1,000 to 921,000 during the first quarter, mainly due to household customers switching from ISDN to ADSL/LAN. ISDN continues to grow in the business customer segment.

Sales of data communications and other IT services amounted to MSEK 594, which is on a level with the preceding year. The market was characterized by heavy price pressure and Telia has chosen to forgo business with insufficient margins.

Sales for customer premises equipment surged 76 percent to MSEK 201. This growth is chiefly attributable to the fact that equipment previously sold on commission is now sold directly by Telia.

Sales of network capacity fell 19 percent due to increased competition and that a number of customers switched to more refined products.

Telia Networks launched a new conferencing service, Telia TeleMöte Webb, during the quarter.

Sales in the Danish retail market increased 15 percent to MSEK 177 during the first quarter.

Wholesale market

The wholesale business grew steadily. Sales climbed 36 percent to MSEK 1,082. Sales for comparable operations increased 24 percent.

Interconnect traffic sales in Sweden increased 26 percent to MSEK 545.

First quarter deliveries of ADSL/LAN connections totaled 59,000, of which 22,000 were to service providers outside Telia. As the period drew to a close, there were 309,000 customers connected to Telia's broadband network through ADSL/LAN solutions.

Sales of network capacity totaled MSEK 283, which is on the same level as the comparative quarter.

Several new services for storage and distribution were launched during the quarter, including Application Hosting and Content Distribution. These services enable service providers to offer Video on Demand, Games on Demand and other types of interactive broadband service to end-customers. The acquisition of the infrastructure company PowerCom in 2001 resulted in a 90 percent increase in sales in the Danish wholesale business, totaling MSEK 127 in the first quarter.

Business Unit Telia Holding

Telia Holding (formerly Telia Equity) is responsible for the Group's financial investments.

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Telia Holding comprises a number of consolidated businesses, including Finans/Credit leasing operations, Sergel Kreditjänster, Division Satellit, Division Offentlig Telecom, Promotor, Telia Business Innovation, Overseas and Suntel, as well as several associated companies, including Slottsbacken, Drutt Corp, Telefonos, AUUS, Infonet Services and COOP Bank.

Extensive divestitures in 2001 resulted in reduced first quarter net sales and underlying EBITDA, but an increased EBITDA margin.

External net sales in comparable operations increased to MSEK 260 (222) and underlying EBITDA decreased to MSEK 72 (113). The largest sales increases were in Finans/Credit, Sergel Kreditjänster and Suntel, while sales in Promotor dropped due to weaker demand for consulting services.

MSEK	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
Net sales	462	3,785	10,680
of which external	260	1,064	3,072
Underlying EBITDA	72	197	265
EBITDA margin (%)	15.6	5.2	2.5
Operating income	-128	102	7,403
Investments	118	374	2,744

The increase in underlying EBITDA was primarily attributable to Suntel, while earnings decreased in Finans/Credit. A significant part of Finans/Credit's leasing operations is financial leasing that is reported under financial revenues and expenses. After financial items, Finans/Credit achieved earnings on a par with 2001.

Depreciation totaled MSEK 119 (255). The decrease is a consequence of divestitures in 2001.

Earnings from associated companies totaled MSEK -10 (189). The decrease is attributable to the effect of capital gains and issue proceeds of MSEK 607 during the comparative quarter. Excluding non-recurring items, Telia Holding had substantial earnings growth due to the divestiture of

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operations that burdened earnings in 2001. During the first quarter 2002, positive earnings were reported by companies including Telefos totaling MSEK 38, and negative earnings from companies including Infonet Inc. (MSEK -34) and COOP Bank (MSEK -12).

Non-recurring items totaled MSEK -72 (-29), and consisted mainly of restructuring and disposal costs.

Operating income totaled MSEK -128 (102). Investments totaled MSEK 118, and included MSEK 91 in Finans/Credit's leasing operations and MSEK 27 in the fixed network operator Suntel.

During the quarter, Telia signed an agreement for the sale of Telia's 26 percent holding in the Indian mobile operator Bahrti Mobile Ltd. The transaction is expected to be completed later in the year.

Parent Company

The parent company Telia AB, which is domiciled in Stockholm, comprises the Group's Swedish operations in development and operation of fixed networks and basic production of network services. The parent company also includes Group executive management functions, certain support units and the Group's internal banking operations.

Net sales for the period were MSEK 5,824 (5,640), of which MSEK 4,824 (4,857) was invoiced to subsidiaries. Earnings before appropriations and taxes declined to MSEK 262 (372), partly due to Group contributions to subsidiaries.

Earnings after appropriations and taxes were MSEK 152 (658). Equity was MSEK 33,448 (33,296 at year-end), and retained earnings MSEK 9,966 (9,814).

The balance sheet total decreased to MSEK 80,124 (82,796 at year-end). Cash flow from operating activities was MSEK -449 (-544), while operating cash flow was MSEK -6,765 (-3,669). Net borrowings expanded, to MSEK 5,262 (3,858 at year-end). Cash and cash equivalents totaled MSEK 2,083 (8,068 at year-end). The equity/assets ratio (including the equity component of untaxed reserves) improved to 56.0 percent (54.0 percent at year-end).

Total investments for the period amounted to MSEK 998 (2,499), including MSEK 930 (1,041) in tangible fixed assets, primarily fixed telephony installations. Other investments totaling MSEK 68 (1,458) were primarily attributable to capital infusions in subsidiaries and associated companies. Of the capital infusions to subsidiaries, MSEK 40 was provided through debt conversion.

The number of employees as of March 31 was 3,318 (3,150 at year-end).

Outlook 2002

After our refine and focus efforts, Telia is focusing on developing and streamlining the four core businesses. We expect to see positive effects from these initiatives during the second half of 2002.

Our level of investment is expected to be significantly lower in 2002.

We expect slightly slower growth in mobile communications due to the high penetration in Sweden combined with the fledgling state of mobile data services.

Stockholm, May 6, 2002

Marianne Nivert
President and CEO

Auditors' Review Report

We have made a review of this first quarter report in accordance with recommendations issued by the Swedish Institute of Authorized Public Accountants. A review is substantially limited in scope in comparison to an audit. Nothing has come to our attention that indicates that this first quarter report fails to comply with the requirements of the Swedish Securities Exchange Act and International Accounting Standards (IAS).

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Stockholm, May 6, 2002

Ernst & Young AB

Gunnar Widhagen
Authorized Public Accountant

Filip Cassel
Authorized Public Accountant

Torsten Lyth
Authorized Public Accountant

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Consolidated Income Statements

MSEK	Jan.-Mar. 2002	Jan.-Mar. 2001	Apr. 2001- Mar. 2002	Jan.-Dec. 2001	Jan.-Dec. 2000
Net sales	13,885	13,592	57,489	57,196	54,064
Costs of production	-8,831	-8,638	-40,628	-40,435	-33,028
Gross income	5,054	4,954	16,861	16,761	21,036
Sales, administrative, and R&D expenses	-4,318	-4,131	-18,130	-17,943	-16,326
Other operating revenues and expenses, net	-39	145	322	506	8,493
Income from associated companies	12	-157	6,305	6,136	-1,197
Operating income	709	811	5,358	5,460	12,006
Net financial revenues and expenses	-174	-309	-517	-652	-289
Income after financial items	535	502	4,841	4,808	11,717
Income taxes	-397	-208	-3,106	-2,917	-1,447
Minority interests	-11	-3	-30	-22	8
Net income	127	291	1,705	1,869	10,278
Earnings per share, basic (SEK)	0.04	0.10	0.57	0.62	3.50
diluted (SEK)	0.04	0.10	0.57	0.62	3.50

Quarterly Data

MSEK	2002		2001			2000				
	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
Net sales	13,885	14,970	14,431	14,203	13,592	14,540	13,487	13,180	12,857	
Underlying EBITDA	3,381	3,133	3,420	3,014	3,348	3,790	3,180	2,857	3,260	
Non-recurring items & pensions	23	322	-239	271	30	6,937	-116	201	1,316	
Income from associates	12	3,746	2,339	208	-157	-370	-759	-710	642	
EBITDA	3,416	7,201	5,520	3,493	3,221	10,357	2,305	2,348	5,218	
Depreciation and write-downs	-2,707	-6,285	-2,775	-2,505	-2,410	-2,427	-2,099	-1,860	-1,836	
Operating income	709	916	2,745	988	811	7,930	206	488	3,382	
Income after financial items	535	906	2,491	909	502	7,658	267	356	3,436	
Net income	127	-572	1,900	250	291	7,408	172	308	2,390	
Earnings per share, basic (SEK)	0.04	-0.19	0.63	0.08	0.10	2.47	0.06	0.10	0.84	
diluted (SEK)	0.04	-0.19	0.63	0.08	0.10	2.47	0.06	0.10	0.84	
Investments	2,053	5,157	5,965	5,954	3,659	10,311	16,745	16,042	4,644	
of which CAPEX	2,022	4,849	5,630	3,666	3,568	7,185	3,369	3,841	2,185	
of which acquisitions	31	308	335	2,288	91	3,126	13,376	12,201	2,459	

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Condensed Consolidated Balance Sheets

MSEK	March 31, 2002	March 31, 2001	Dec. 31, 2001	Dec. 31, 2000
Assets				
Intangible fixed assets	26,479	26,351	26,816	25,198
Tangible fixed assets	46,477	45,686	47,314	43,807
Financial fixed assets	20,420	23,576	20,784	22,335
<i>Total fixed assets</i>	<i>93,376</i>	<i>95,613</i>	<i>94,914</i>	<i>91,340</i>
Inventories, etc.	537	796	636	773
Receivables	22,227	29,291	23,521	29,072
Short-term investments	1,684	76	7,602	178
Cash and bank	1,297	1,286	1,518	1,352
<i>Total current assets</i>	<i>25,745</i>	<i>31,449</i>	<i>33,277</i>	<i>31,375</i>
Total assets	119,121	127,062	128,191	122,715
Equity and liabilities Equity	59,350	58,298	59,885	55,988
Minority shares	208	522	204	320
Provisions for pensions	2,219	3,609	2,358	3,525
Other provisions	10,452	7,602	10,749	7,826
<i>Total provisions</i>	<i>12,671</i>	<i>11,211</i>	<i>13,107</i>	<i>11,351</i>
Long-term loans	21,613	26,149	25,193	