

SONERA CORP
Form 425
June 13, 2002

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**

June 13, 2002

TELIA AB

(Name of Filer)

SONERA CORPORATION

(Subject Company)

0-30340

(Exchange Act File No. of Subject Company)

THE FOLLOWING IS A PRESENTATION USED BY TELIA AB BEGINNING ON JUNE 11, 2002.

www.telia.com

Merrill Lynch TMT Conference
London, 11 June 2002

Telia AB, IR 2002-06-11

www.telia.com

Marianne Nivert,
President and Chief Executive Officer,
Telia AB

Telia AB, IR 2002-06-11

Telia Q1 2002

Positive trends for core business

Improved underlying EBITDA margin

24.4%, Q1 2002 (20.9%, Q4 2001)

Rationalization showing results in Internet Services and International Carrier

Continued strong pressure to rationalize

Efforts will intensify in Q2

Sharply reduced investments

Telia and Sonera to merge

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Ongoing rationalization projects

Concentration of customer services

From 31 to 13

More self-service

More efficient supply process

Delivery centers formed

New Nordic organization - Telia Mobile

Implemented 1 April

Geographical concentration and co-location

Ongoing

Leaner product portfolio

Unprofitable and overlapping products are identified

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Telia Mobile

New Nordic organization

Implemented 1 April

Pan-Nordic services

GPRS-roaming

The reorganization is heightening focus on integration of fixed and mobile communication in business solutions

Homerun at 420 sites in the Nordic region

Nordic customer base

5,011,000 (+75,000)

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Telia Mobile

Sweden

Interconnection rates lowered

PocketMode

Open marketplace

20 content providers with more than 2000 services

Mobile intranet

Co-operation with Microsoft and WM-data

Java-based mobile games

3G-network alliance sanctioned by the Swedish Competition Authority

* Excluding 91,000 SP customers

Swedish customer base

3,459,000* (+20,000)

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Telia Mobile

Lowered interconnection rates affecting ARPU

ARPU (SEK)

Q1 00 Q1 01 Q1 02

Subscriptions 436 426 418 432 394 415 439 431 397

Total 314 306 304 303 273 280 303 289 262

Cash 96 109 123 106 101 108 125 109 99

Positive MoU trend

MoU (Minutes)

Q1 00 Q1 01 Q1 02

Subscriptions 155 167 160 170 165 180 179 181 176

Total 117 126 123 124 119 130 131 129 121

Cash 49 58 64 54 53 62 68 63 55

Sweden

Churn 11%

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Telia Mobile

Norway

Higher sales and improved margin

Positive ARPU trend

Continued strong SMS growth

Expert - new distribution channel

* Excluding 99,000 SP customers

Norwegian customer base

985,000* (+15,000)

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Telia Mobile
Higher ARPU and MoU

ARPU (NOK)
Q1 00 Q1 01 Q1 02

Subscriptions 460 485 528 496 487 534 567 524 536

Total 289 301 327 308 292 317 341 317 326

Cash
118 124 127 119 107 115 128 125 121

MoU (Minutes)
Q1 00 Q1 01 Q1 02

Subscriptions 198 223 225 209 210 231 237 232 230

Total 130 143 145 136 131 141 146 142 144

Cash 63 66 66 62 56 57 61 58 59

Norway

Churn 30%

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Telia Mobile

Denmark

- Improved margin
- New bundling of subscriptions
- Completion of the 900 GSM network

Finland

- Higher sales
- New roaming agreement
- New agreements on installation of Homerun

Danish customer base

322,000 (+34,000)

Finnish customer base

245,000 (+6,000)

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Telia Mobile

Baltic/Russia

Rapid expansion

Improved earnings

Good growth potential

Baltic/Russian customer base

2,351,000* (+314,000)

Russia

North West GSM (25.6%)

944,000*)

+195,000

Estonia

Eesti Mobiiltelefon (24.5%)

391,000*)

+8,000

Latvia

Latvijas Mobilais Telefons (24.5%)

389,000*)

+40,000

Lithuania

Omnitel (27.5%)

627,000*)

+71,000

*) Total

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Telia Internet Services

Focus on rapid profitability enhancement:

Continued sales growth

+36%, Q1 2002

Rate increases for broadband

Continued rationalization and reduced expenditures for R&D

New services

1Mbit/s over cable TV

MTV Live

Telia RoamConnect, Telia Internet För Alla

Strong increase in demand in the business segment

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Telia Internet Services

Growth - Number of broadband customers

(thousands)

Q1 01 Q2 01 Q3 01 Q4 01 Q1 02

Skanska

ADSL/LAN

Sweden

Denmark

High-speed cable Internet

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Telia International Carrier

Focus on positive cash flow

Continued improvement of margins

Sharp reduction in investment level

Higher order inflow, capacity, and IP traffic

Network in the USA, now generating revenues

Network acquisitions in the UK are reinforcing growth opportunities and lowering the cost of capacity

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Telia International Carrier

Ongoing rationalization measures

Concentration of utilization of premises Initiated
Reduction of consultant costs In progress
Concentration of operating agreements In progress
Replacement of contracted capacity In progress
Focus on sales and marketing Completed
Tightening of credit policy Completed

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Telia Networks

Rationalization projects in progress
Local preselection implemented 2 Feb
Higher wholesale sales partially compensating for decline in the retail market
Healthy demand for broadband access
Danish operations reporting positive EBITDA
Netia under restructure
Geographical concentration and co-location

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Financial targets

Telia Group medium term

Sales growth 8%

Underlying EBITDA margin 25-30%

Telia International Carrier

Positive underlying EBITDA on a monthly basis by year-end 2002

Telia Internet Services

Positive underlying EBITDA on a monthly basis by year-end 2003

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Overall objectives

Improved free cash flow through

Revenue growth

Improved margins

Reduced capex

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Net sales

Growth +2%, Q1 2002
Core business +9%, Q1 2002

Moving 12-months
(MSEK)

Quarter	Q1 00	Q1 01	Q1 02
MSEK	12,857	13,592	13,885

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Underlying EBITDA

Growth +1%, Q1 2002
Core business +5%, Q1 2002

Moving 12-months margin

Quarter Q1 00 Q1 01 Q1 02
MSEK 3,260 3,348 3,381

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Income

Income after financial items

MSEK

Q1 01 Q2 01 Q3 01 Q4 01 Q1 02

502 535

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Investments

Reduction 44%, Q1 2002

MSEK

Q1 00	Q2 00	Q3 00	Q4 00	Q1 01	Q2 01	Q3 01	Q4 01	Q1 02
4,644	3,659	2,053						

Thereof capex

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Cash flow

Lower investment level strengthening cash flow

MSEK Jan-Mar 2002 Jan-Mar 2001

Cash flow before change in working capital 2,682 2,661

Change in working capital -1,808 -2,175

Cash flow from operating activities 874 486

Cash flow from investing activities -1,739 -3,512

Operating cash flow -865 -3,026

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Net debt

Change in net debt

MSEK

1 Jan 2002 Taxes Investments Underl. EBITDA Other 31 March 2002

10,661 327 2,010 3,381 2,291 11,908

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Financial position

Strong financial position

Debt/Equity ratio 0.20

GSEK

Adjusted equity Interest-bearing net debt

58.6 11.9

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Telia-Sonera

A Nordic and Baltic mobile leader

Sweden

Market share: 49%

Norway

Market share: 32%

Denmark

Market share: 8%

Finland

Market share: 61%

EMT

Market share: 54%

LMT

Market share: 57%

Omnitel

Market share: 58%

#2

#1

#1

#4

#1

#1

#1

Note:

Market shares based on subscriptions

Controlling interest

Non-controlling interest

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A powerful combination

- Creation of the leading Nordic and Baltic operator
- Strong financial resources and cash flow
- Significant synergies
- Footprint and customer base will attract best of breed partners
- Partner for future consolidation
- Governance to deliver change
- Profit and cash flow driven culture

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(Telia logo)

Additional Information

The combination of Telia and Sonera will be implemented through an exchange offer made by Telia to the shareholders of Sonera. This presentation is neither an offer to purchase nor a solicitation of an offer to sell shares of Sonera. Any offer in the United States will only be made through a prospectus which is part of a registration statement on Form F-4 that will be filed with the U.S. Securities and Exchange Commission (the SEC). Sonera shareholders who are U.S. persons or are located in the United States are urged to carefully review the registration statement on Form F-4 and the prospectus included therein, the Schedule TO and other documents relating to the offer that will be filed by Telia with the SEC because these documents will contain important information relating to the offer. You are also urged to read the related solicitation/recommendation statement on Schedule 14D-2 that will be filed with the SEC by Sonera relating to the offer. You may obtain a free copy of these documents after they are filed with the SEC and other documents filed by Telia and Sonera with the SEC at the SEC's web site at www.sec.gov. Once such documents are filed with the SEC, you will also be able to inspect and copy the registration statement on Form F-4, as well as any documents incorporated by reference therein, the Schedule TO and the Schedule 14D-2 at the public reference room maintained by the SEC at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. These documents may also be obtained free of charge by contacting Telia AB, Investor Relations, SE-12386 Farsta, Sweden Attention: External Communications and Investor Relations (tel: 46 8 7137143), or Sonera Corporation, Investor Relations, Teollisuuskatu 15, P.O. Box 106, FIN-00051 SONERA, Finland, Attention: Investor Relations (tel: 358 20401). **YOU SHOULD READ THE PROSPECTUS AND THE SCHEDULE 14D-2 CAREFULLY BEFORE MAKING A DECISION CONCERNING THE OFFER.**