

SECOND QUARTER 2012

Tele2 AB

19 July 2012

The logo for Tele2, featuring the word "TELE2" in a bold, black, sans-serif font. The letters are slightly slanted to the right, and the number "2" is significantly larger than the other characters.

Agenda



- **About Q2 2012**

- Financial review

- Concluding remarks

Tele2 Group Q2 Highlights

- **Net customer intake of 1.5 million leading to a total customer base of 36.3 million**
- **Revenue growth of 10%, amounting to SEK 11,064 (10,078) million**
- **EBITDA amounted to SEK 2,715 million, equivalent to a margin of 25%**
- **CAPEX amounted to SEK 1,586 million**

Market Area Russia: Overview

Population

Apr. 140 million

Tele2 Russia

- 43 regions of Russian Federation
- 21.6 million subscribers
- Mobile operator #4 in Russia in terms of subscribers and revenue

Represents 30% of total net sales Q2 2012



Focus

- Continue to grow customer base and maximize the 2G opportunity
- Evaluate possibilities to expand carefully through new licenses as well as by complementary acquisitions
- Make progress on technology neutrality

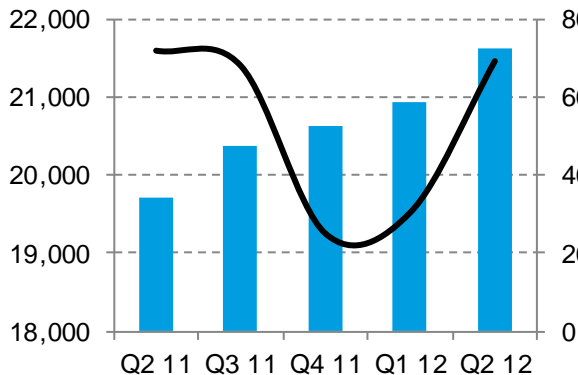
Q2 Highlights Russia

- Strong customer net intake of 693,000
- Increased EBITDA margin of 37% due to less marketing spend
- Robust ARPU development, showing a growth of 5%



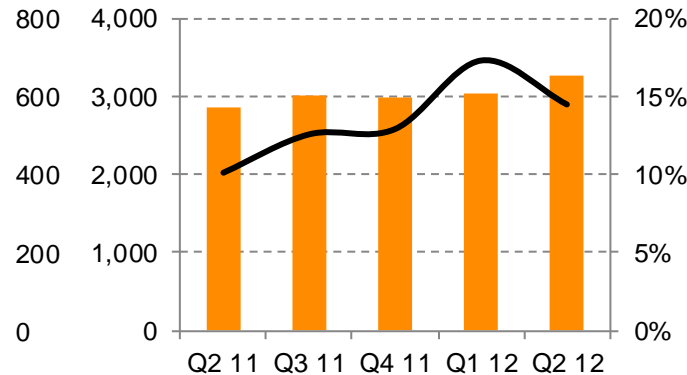
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



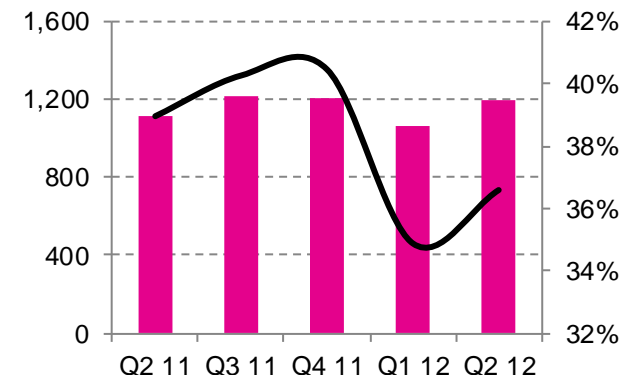
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



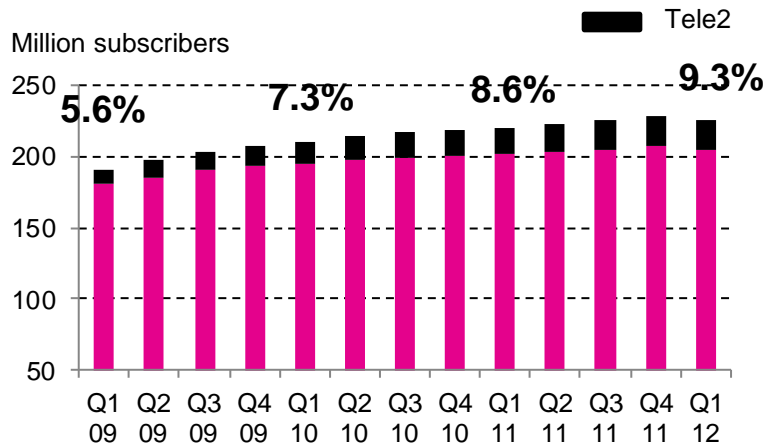
■ Customer base (left)
 — Customer net intake (right)

■ Net sales (left)
 — YoY net sales growth (right)

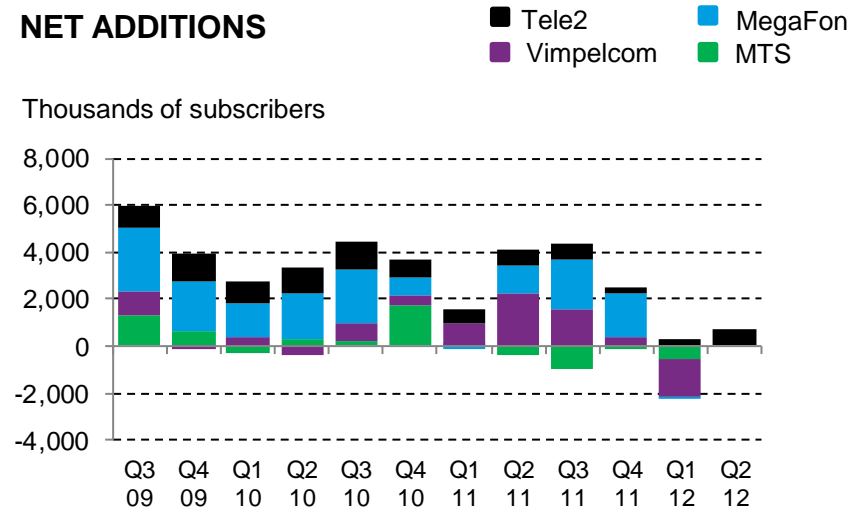
■ EBITDA (left)
 — EBITDA margin (right)

The Russian mobile market overview

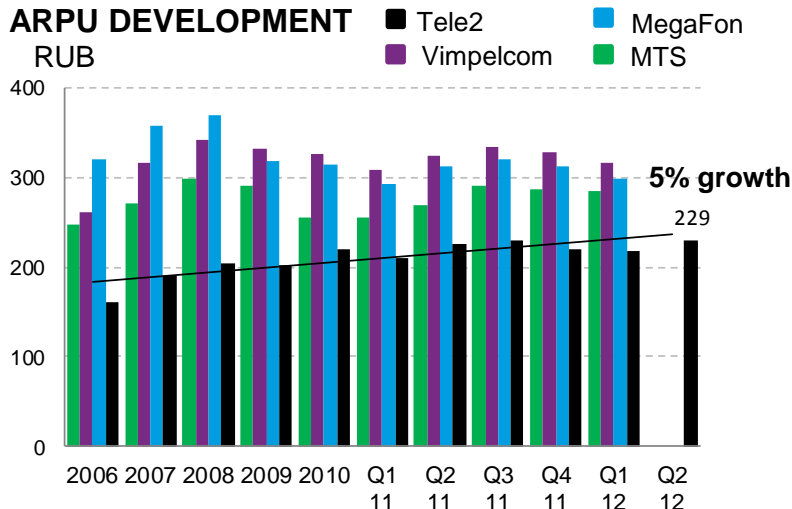
TELE2 SUBSCRIBERS AS PART OF TOTAL RUSSIAN MOBILE MARKET



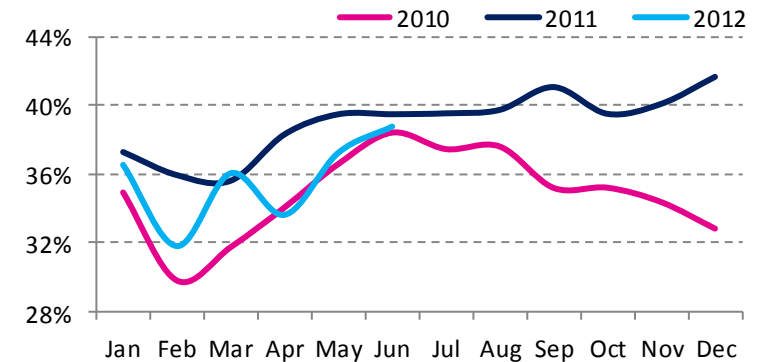
NET ADDITIONS



ARPU DEVELOPMENT

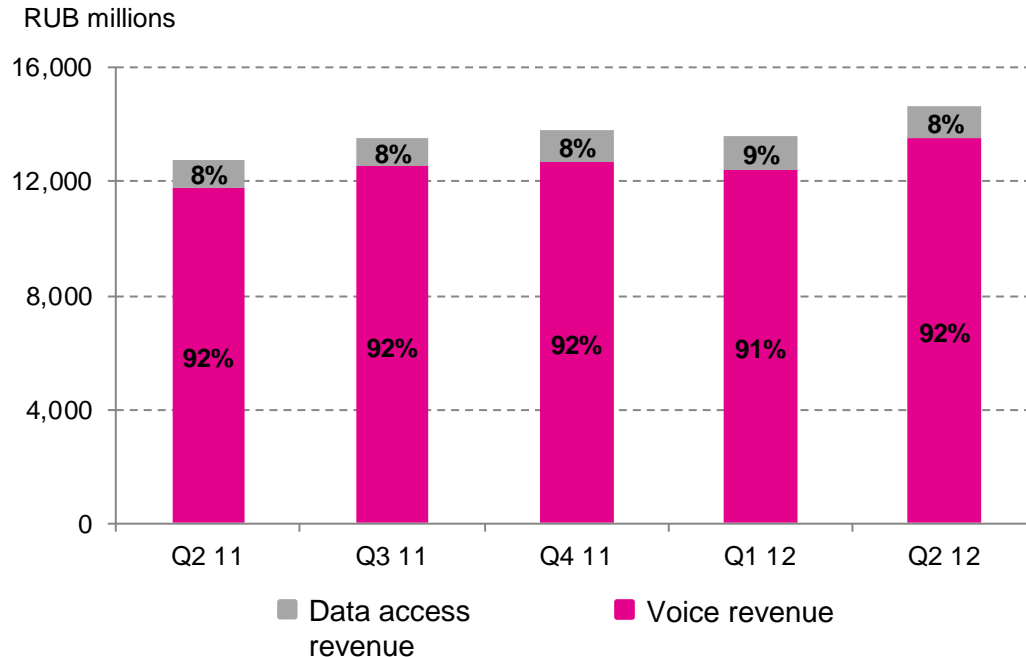


TELE2 RUSSIA EBITDA MARGIN



Revenue source development

VOICE and DATA REVENUE SPLIT DEVELOPMENT



Data and voice revenues demonstrate 8% and 15% YoY growth respectively

Regulatory update: significant developments

LTE license tender

Roscomnadzor held tender on LTE for 4 federal lots, each 2x7.5 MHz in 800 MHz and 2x10 MHz in 2.5-2.7 GHz. Tele2 submitted two bids. However, Tele2 did not win due to tender conditions favoring federal operators.

Regional LTE allocations

The Regulator officials have recently verbally stated that they plan to distribute 10 regional TDD LTE licenses in 2600 Mhz. According to the Ministry representative this decision may be taken at the forthcoming GKRCh** meeting.

Technology neutrality

Report from NIIR* ready confirming LTE and GSM can co-exist on the same band. According to the Telecom Ministry representative LTE 1800 should be included in the agenda for the next GKRCh** meeting

MNP Consultations

The Prime Minister assigned the direction for discussions on the MNP introduction. Tele2 delivered proposals on the draft bill and participated in the working group on the technical solution. The expected deadline for MNP introduction is Jan, 2014

* NIIR – Radio Research and Development Institute

** GKRCh – State Commission on Radio Frequencies

Tele2 Russia forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia in 2012:

- Tele2 expects the subscriber base to reach approx. 22 (earlier 21.5-22) million.
- Tele2 expects ARPU to grow by 3-5 (earlier in low single digits) percent in local currency.
- Tele2 expects an EBITDA margin of between 37-39 percent.
- Tele2 expects capex of between SEK 1,300 - 1,500 million.



Market Area Nordic: Overview

Population

14.4 million

Tele2 Sweden and Tele2 Norway

Home market and test bed for new services

Represents 40% of total net sales Q2 2012

Sweden 29%; Norway 11%

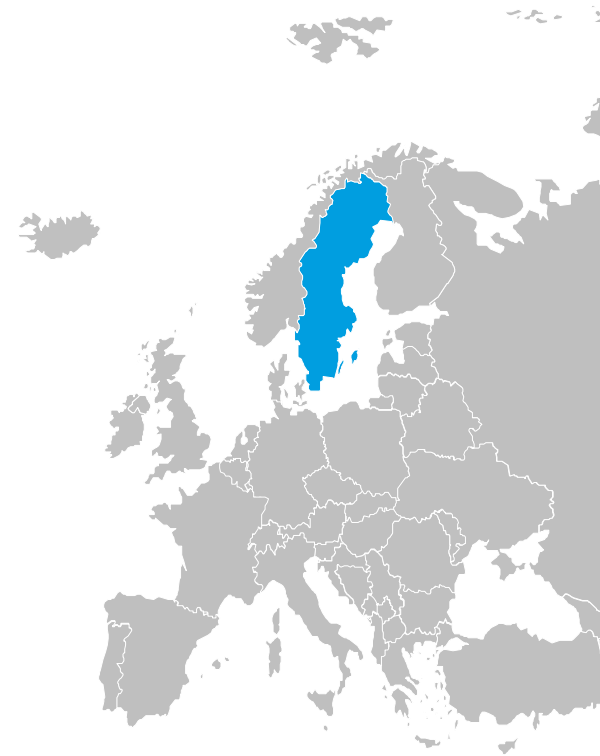


Focus

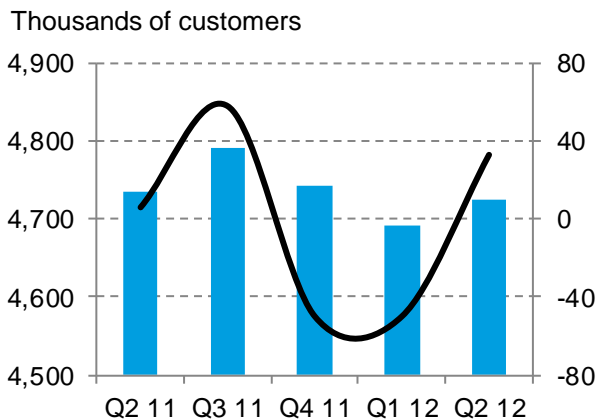
- Sweden: Build on mobile growth and 4G roll-out coupled with household / corporate fiber strategy
- Norway: Roll out own network and focus on bucket-price subscriptions

Q2 Highlights Tele2 Sweden

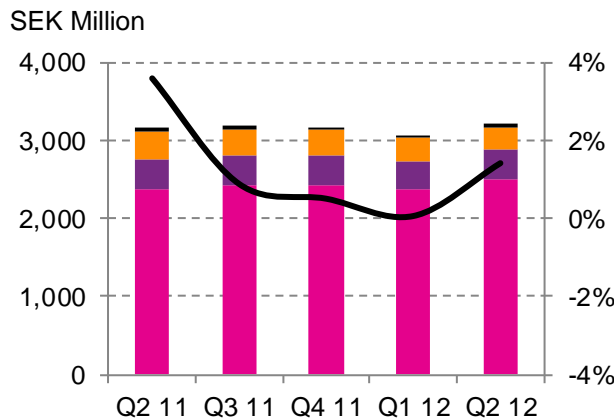
- Net sales amounted to SEK 3,209 million and EBITDA amounted to SEK 766 million
- Mobile revenue grew by 6% and service revenue grew by 2.3%
- Net intake in Q2 boosted by temporary campaign on postpaid subscriptions
 - Affecting EBITDA negatively during the quarter
- New, more diversified pricing plans and innovative products



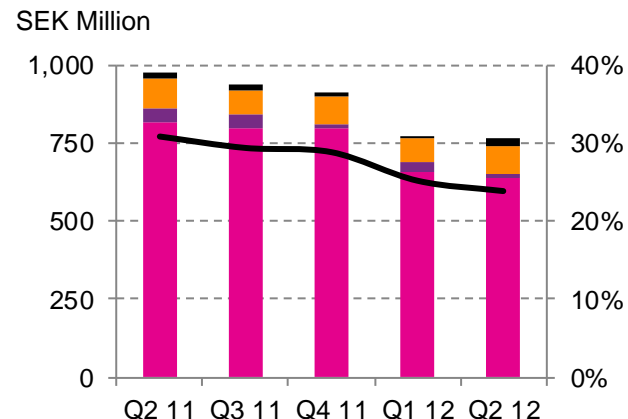
CUSTOMER BASE and CUSTOMER INTAKE



NET SALES and YoY NET SALES GROWTH



EBITDA and EBITDA MARGIN



■ Customer base (left)
 — Customer net intake (right)

■ Mobile ■ Fixed broadband ■ Fixed telephony ■ Other
 — YoY net sales growth (right)

— EBITDA margin (right)



New tariff models

tele2.se

**Mer kräm.
Mindre deg.**
Inga öppningsavgifter,
inga minutavgifter.

Höj och sänk som du vill.

189
kr/mån

Volym Låg
• 300 min
• 300 SMS & MMS
• 1 GB excl



Volym Låg

- 300 minutes
- 300 SMS & MMS
- 1 GB data

tele2.se

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tele2.se

**Mer kräm.
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Inga öppningsavgifter,
inga minutavgifter.

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489
kr/mån

Volym Hög
• 3000 min
• 3000 SMS & MMS
• 5 GB excl



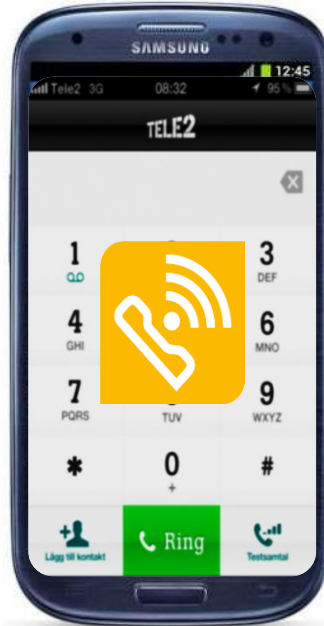
Volym Hög

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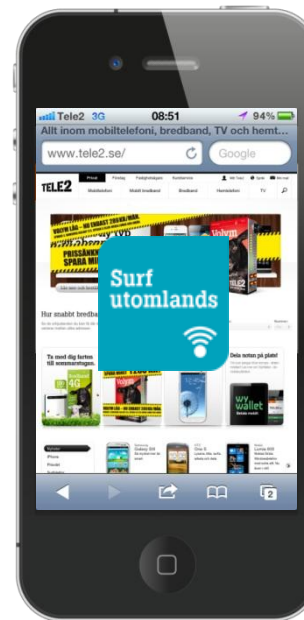
Innovative packages and products



WyWallet



+46 app



Roaming buckets



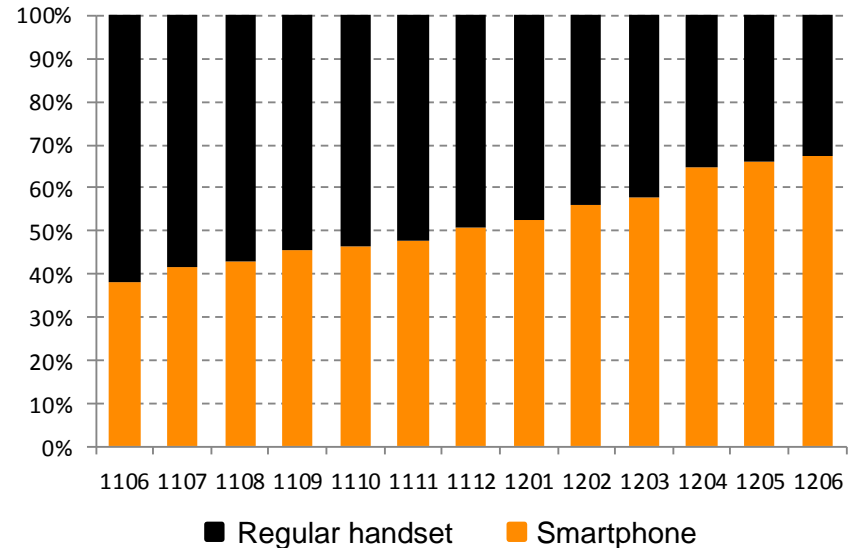
Prepaid smartphone campaigns

Smartphone market development

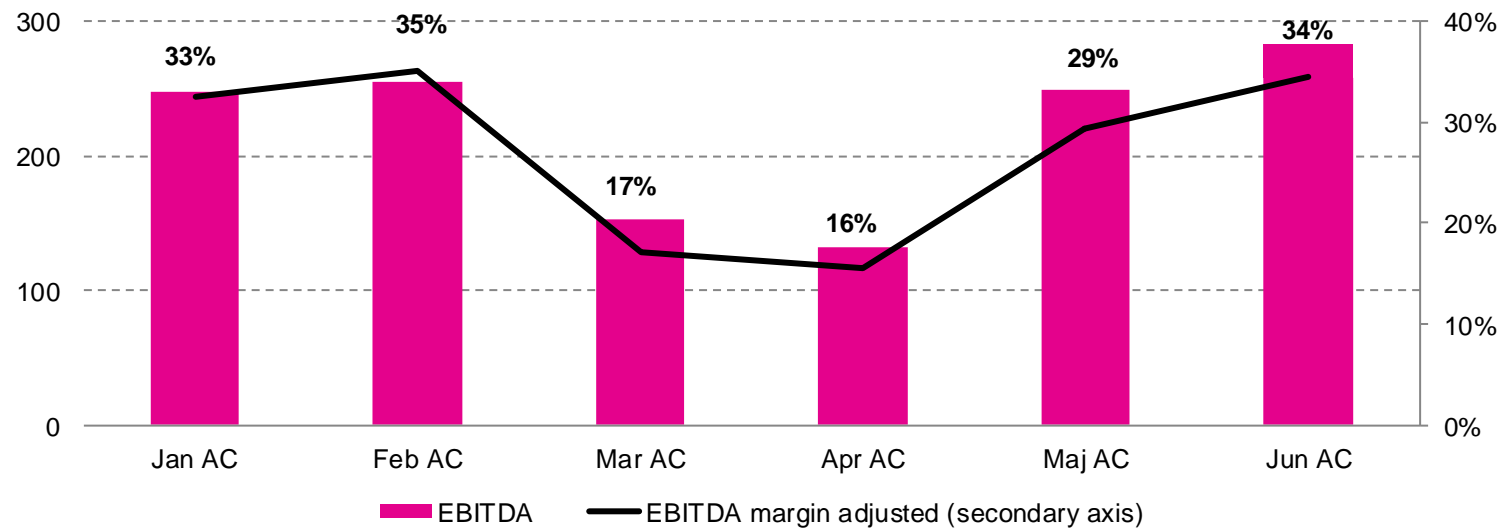
Sales of top ten mobile phones Tele2 Sweden (Q2 2012)

1. iPhone 4S 16GB
2. Samsung Galaxy Gio
3. HTC One X
4. Sony Xperia S
5. Samsung Galaxy S2
6. Samsung Galaxy S3
7. Samsung Galaxy S2 LTE
8. Samsung Galaxy Ace
9. Samsung E1080
10. iPhone 4S 32GB

SMARTPHONE INSTALLED BASE*



Mobile EBITDA development



Tele2 Sweden forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Swedish mobile operations in 2012:

- Tele2 expects service revenue to grow by approximately 3-4 (earlier 3-5) percent.
- Tele2 expects an EBITDA margin of between 30-32 percent **assuming a stable market environment.**



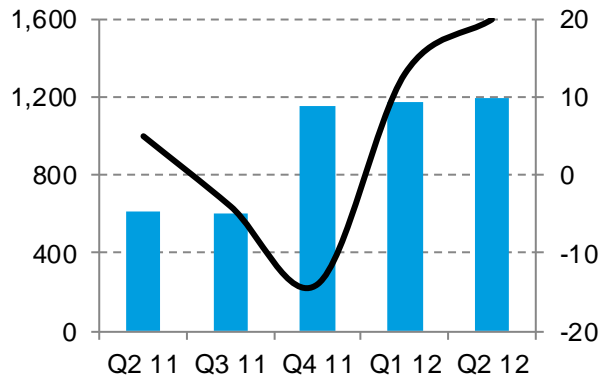
Q2 Highlights Tele2 Norway

- Integration of Tele2 Norway completed
- Good net intake of 23,000 mobile customers
- Tele2 Norway reported net sales of SEK 1,208 million, of which SEK 1,137 million was mobile revenue
- Mobile EBITDA contribution was SEK 81 (15) million
- Interconnect was lowered by July 1 to NOK 0.25 (0.40) and NOK 0.60 (0.70) for Tele2 Norway and Network Norway respectively



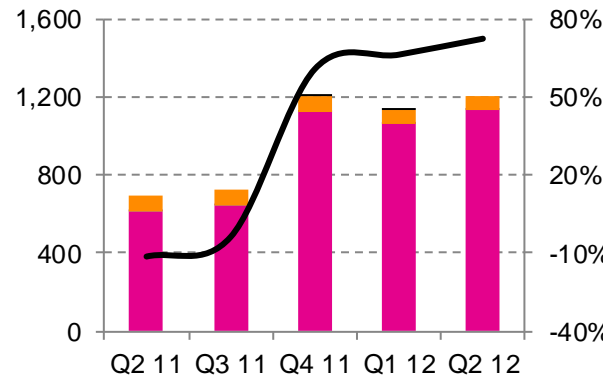
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



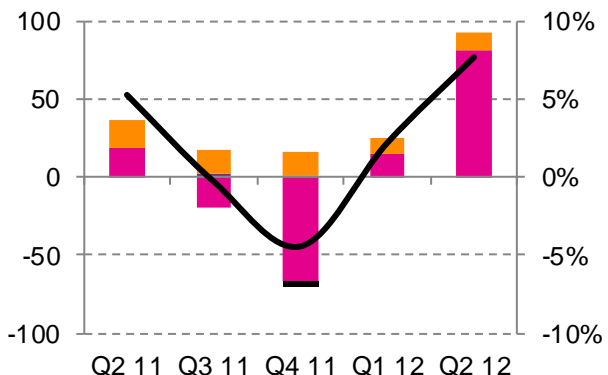
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Customer base (left)

— Customer net intake (right)

■ Mobile ■ Fixed broadband ■ Fixed telephony ■ Other

— YoY net sales growth (right)

— EBITDA margin (right)

TELE2

Tele2 Norway forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Norway in 2012:

- Tele2 expects a total revenue of between SEK 4,800-5,000 (earlier 5,000-5,200) million.
- Tele2 expects an EBITDA margin of between 2-3 percent.
- Tele2 expects capex of between SEK 850-950 million.



Market Area Western Europe: Overview

Population

106 million

Leading the group in business to business services
and consumer fixed broadband

Represents 17% of total net sales Q2 2012

Netherlands 12%; Germany 2%; Austria 3%



Focus

- Netherlands Grow in mobile and B2B
- Austria B2B & Integration of Silver Server
- Germany Grow Fixed Via Mobile product

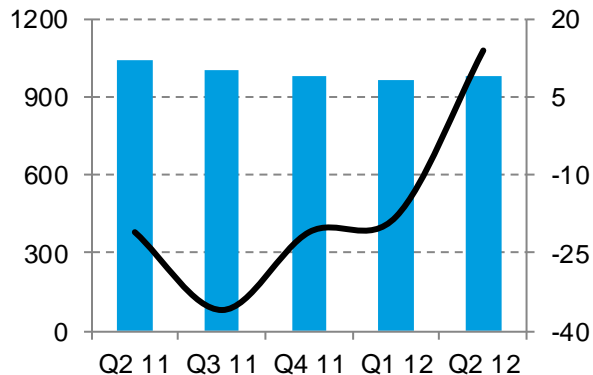
Q2 Highlights Tele2 Netherlands

- Stable financial performance despite tough market conditions
- Back to growth in total customer base
- Net intake of 32,000 customers in mobile
 - Significant portion in high-value mobile post-paid segment
- Strong intake in the B2B segment



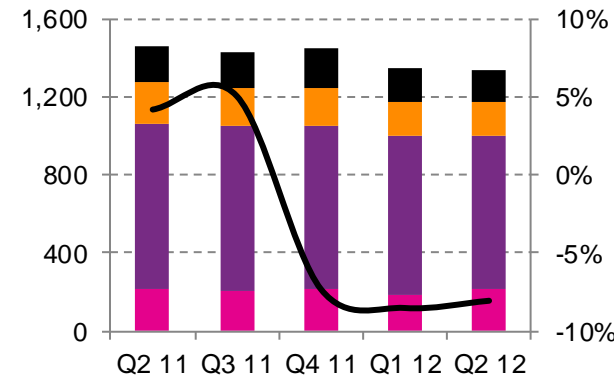
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



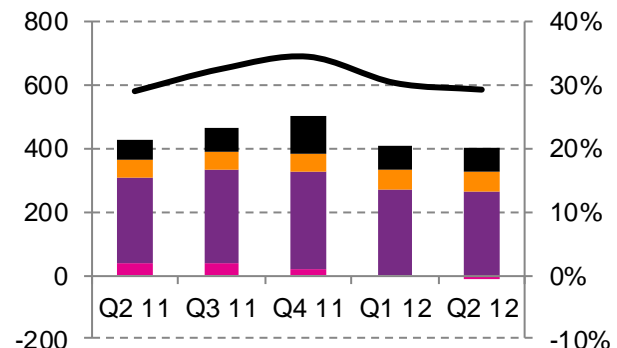
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Customer base (left)
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 — YoY net sales growth (right)

— EBITDA margin (right)

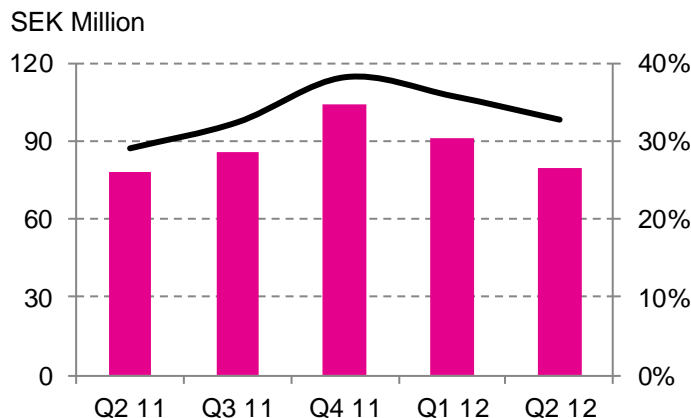


Q2 Highlights Tele2 Germany and Tele2 Austria

- Both Austria and Germany show stable profitability
- Tele2 Germany: High-value Fixed via Mobile product still showing steady growth
- Tele2 Austria: Integration of Silver Server on track. Solid performance in the B2B segment

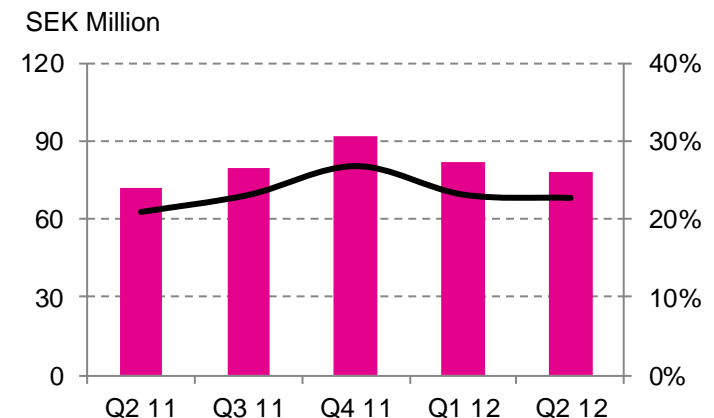


TELE2 GERMANY EBITDA and EBITDA MARGIN



■ EBITDA (left)
— EBITDA margin (right)

TELE2 AUSTRIA EBITDA and EBITDA MARGIN



■ EBITDA (left)
— EBITDA margin (right)

Market Area Central Europe and Eurasia: Overview

Population

28 million

Represents 12% of total net sales Q2 2012

Estonia 2%; Latvia 2%; Lithuania 3%;
Croatia 3%; Kazakhstan 2%



Focus

- Continue to grow rapidly in Kazakhstan
- Efficiency improvements in Baltics
- Drive improvement in revenue, profits and market share in Croatia

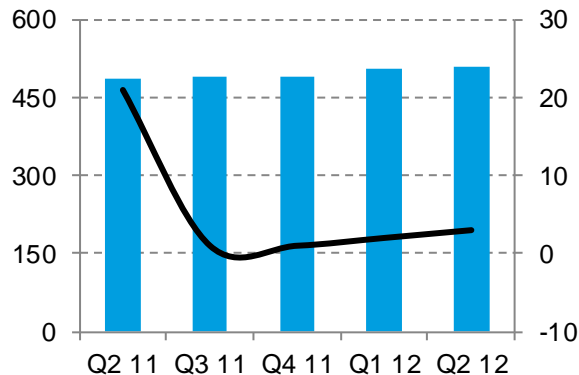
Q2 Highlights Tele2 Estonia



- Stable financial performance and profitability in a competitive market
- Tele2 Estonia maintains a positive net intake of mobile customers
- Successful integration of Televörgu completed
- Modernization and 4G roll-out currently ongoing

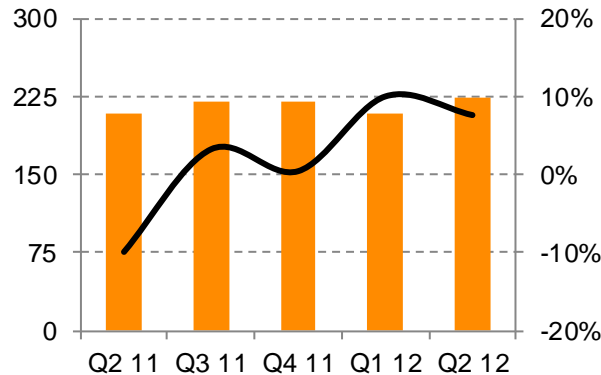
MOBILE CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



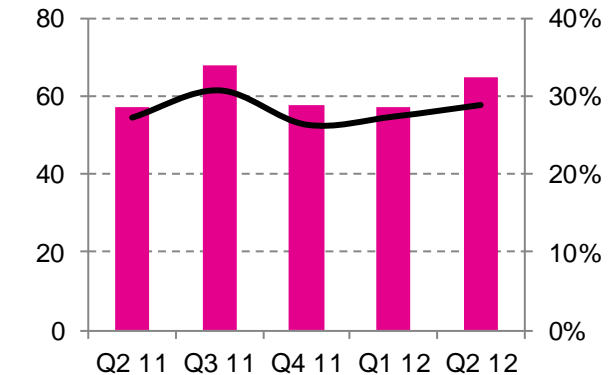
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Mobile customer base (left)

— Customer net intake (right)

■ Net sales (left)

— YoY net sales growth (right)

■ EBITDA (left)

— EBITDA margin (right)

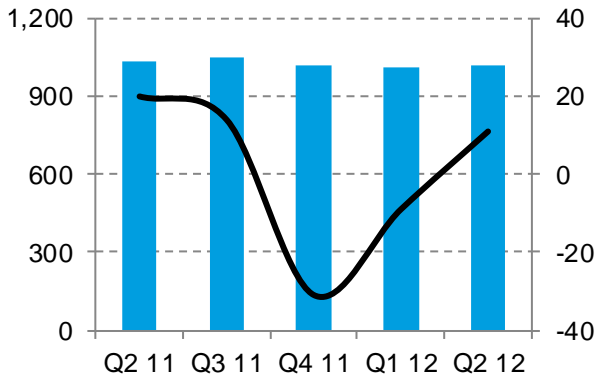
Q2 Highlights Tele2 Latvia

- Tele2 Latvia maintains a high efficiency in a competitive market
- EBITDA margin amounted to 36%
- Customer intake of 11,000
- Rolling out 4G when commercially attractive



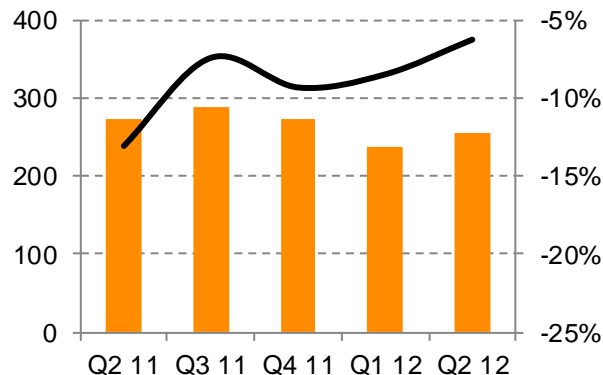
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



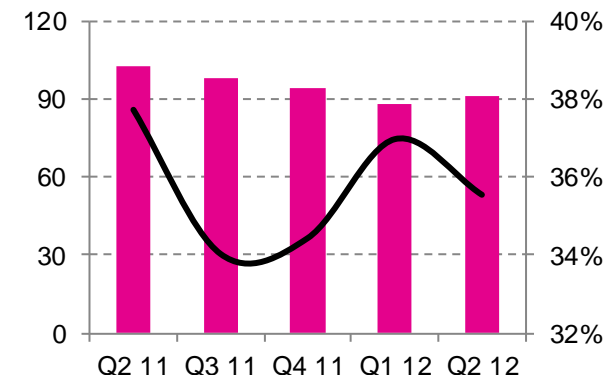
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Customer base (left)
— Customer net intake (right)

■ Net sales (left)
— YoY net sales growth (right)

■ EBITDA (left)
— EBITDA margin (right)

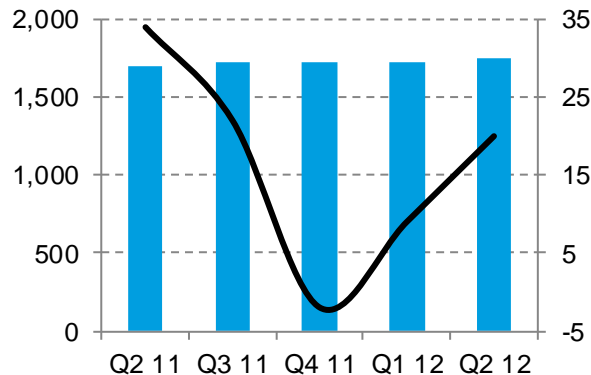
Q2 Highlights Tele2 Lithuania



- Significant intake of 20,000 mobile customers
- EBITDA margin amounted to 38%
- Strong performance since inception in 2000

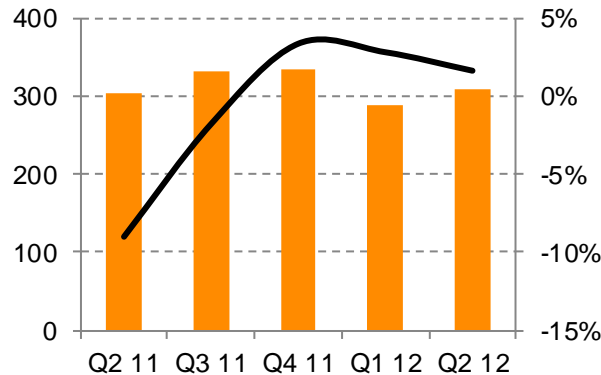
MOBILE CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



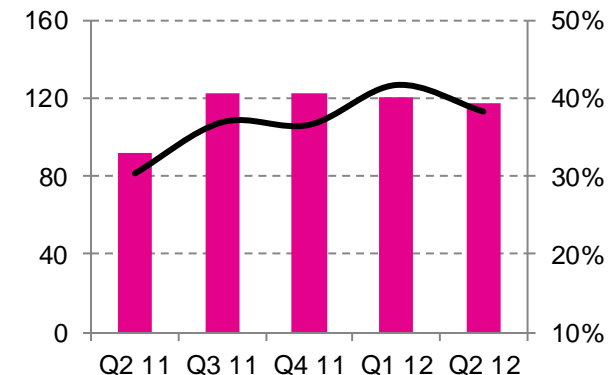
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Mobile customer base (left)

— Customer net intake (right)

■ Net sales (left)

— YoY net sales growth (right)

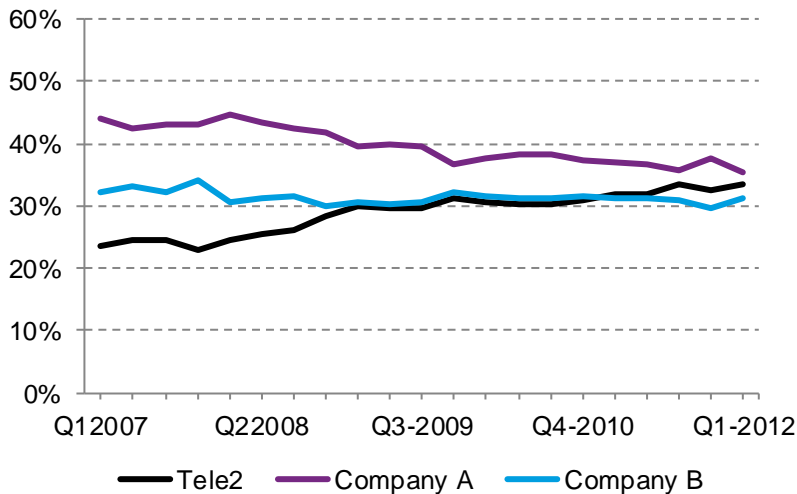
■ EBITDA (left)

— EBITDA margin (right)

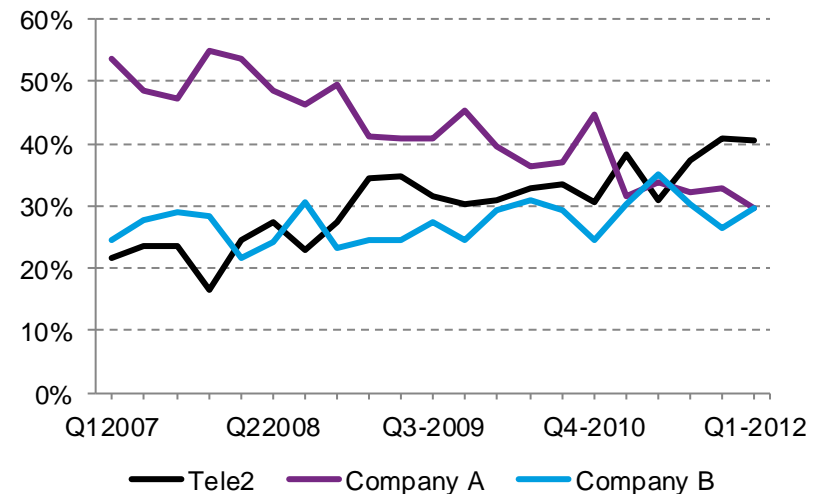
TELE2

Tele2 Lithuania – a success story

MARKET SHARE DEVELOPMENT
(revenue; 100% of the market)



MARKET SHARE DEVELOPMENT
(EBITDA; 100% of the market)



Tele2 Lithuania has caught up with its competitors in terms of Revenue market share, and surpasses them in terms of EBITDA market share

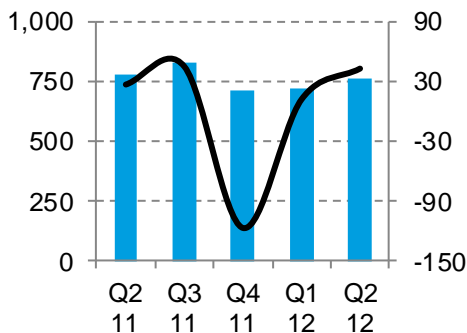
Q2 Highlights Tele2 Croatia

- Significant intake of 43,000 mobile customers
- New CEO started in June



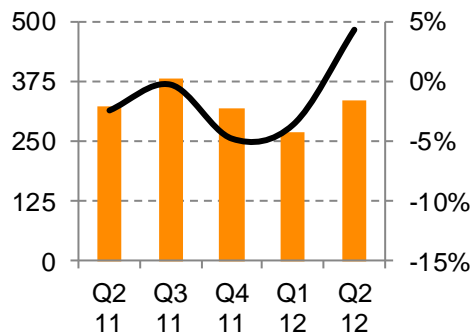
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



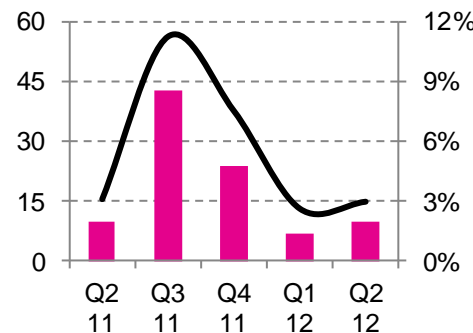
NET SALES and YoY NET SALES GROWTH

SEK Million



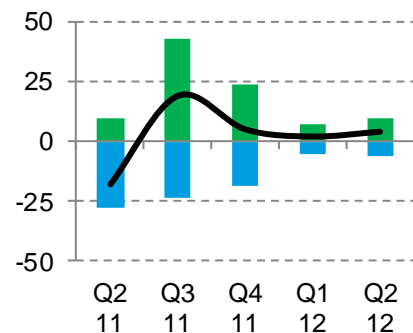
EBITDA and EBITDA MARGIN

SEK Million



EBITDA-CAPEX

SEK Million



■ Customer base (left)
— Customer net intake (right)

■ Net sales (left)
— YoY net sales growth (right)

■ EBITDA (left)
— EBITDA margin (right)

■ EBITDA
■ CAPEX
— EBITDA-CAPEX

TELE2

Tele2 Croatia forward looking statement

The following assumption should be taken into account when estimating the operational performance of the Croatian mobile operations in 2012:

- Tele2 expects Croatia to reach an EBITDA margin of between 4-6 (earlier 20 percent by Q3 2013) percent.



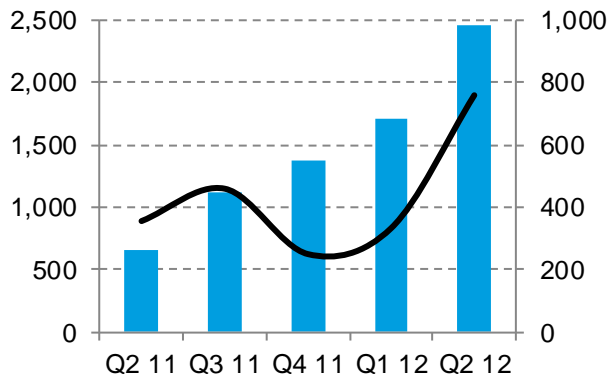
Q2 Highlights Tele2 Kazakhstan

- Commercial launch of Tele2 brand completed in all regions of Kazakhstan
- Strong net intake of 759,000 customers
- Total number of customers amounted to 2.5 million



CUSTOMER BASE and CUSTOMER INTAKE

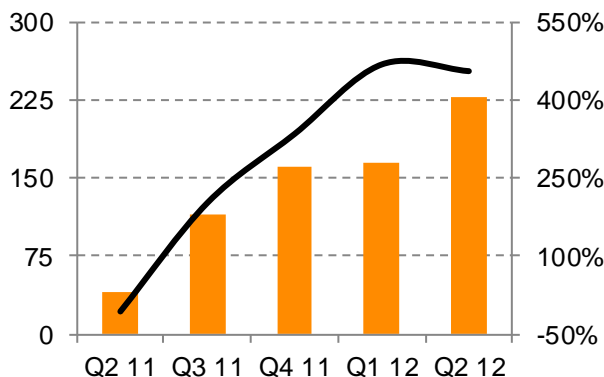
Thousands of customers



■ Customer base (left)
— Customer net intake (right)

NET SALES and YoY NET SALES GROWTH

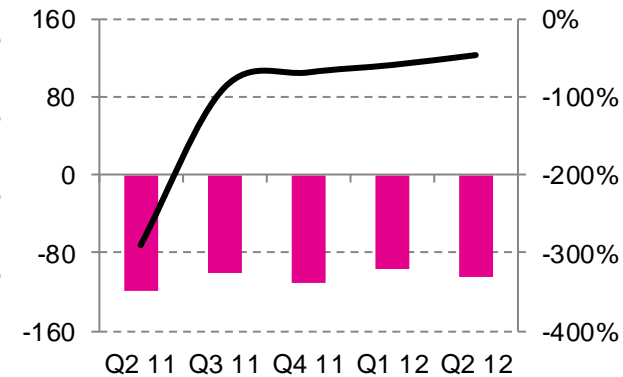
SEK Million



■ Net sales (left)
— YoY net sales growth (right)

EBITDA and EBITDA MARGIN

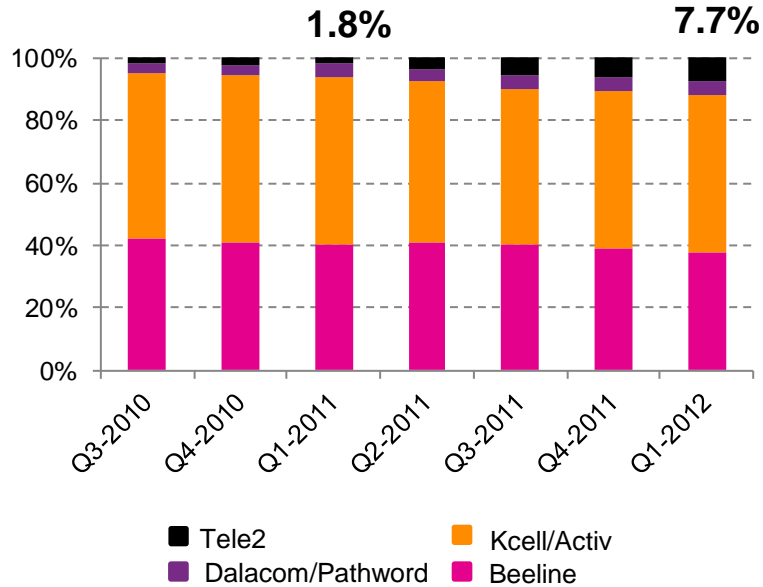
SEK Million



■ EBITDA (left)
— EBITDA margin (right)

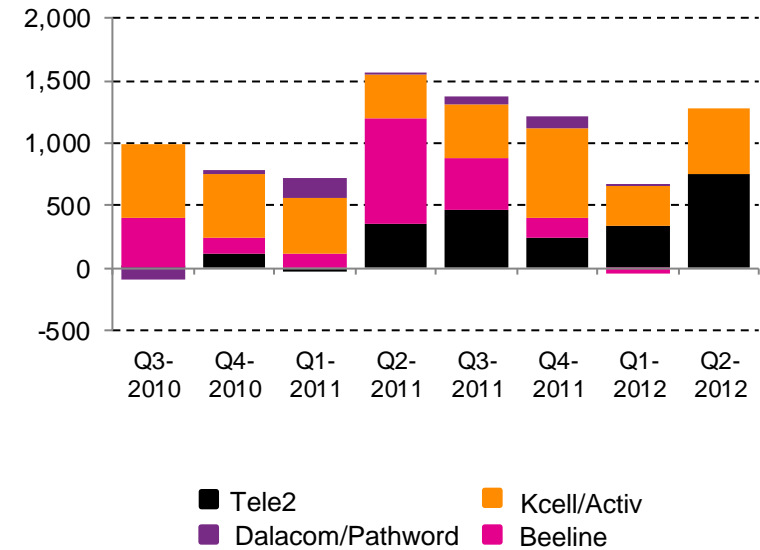
The Kazakhstan mobile market overview

MOBILE SUBSCRIBERS – MARKET SHARE



NET ADDITIONS

Thousands of subscribers



Tele2 Kazakhstan forward-looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Kazakhstan in 2012:

- Tele2 expects the subscriber base to reach up to 3.0 million (earlier 2.5-2.7)
- Tele2 expects an EBITDA contribution of between SEK -350 to -400
- Tele2 expects capex of between SEK 550-600 million.
- Tele2 expects to reach EBITDA break-even by 2H 2013.
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.



Agenda



- About Q2 2012

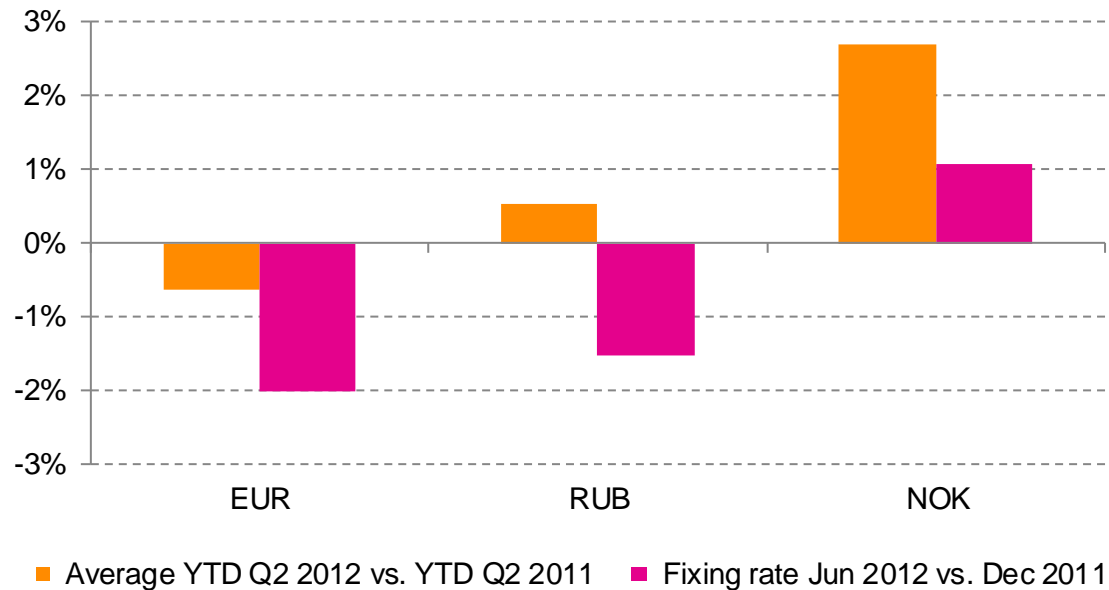
- **Financial review**

- Concluding remarks

Group results

SEK million	Q2 2012	Q2 2011	▲%	YTD 2012	YTD 2011	FY 2011	▲%
Net sales	11,064	10,078	9.8%	21,545	19,720	41,001	9.3%
EBITDA	2,715	2,809	-3.3%	5,286	5,353	11,212	-1.3%
EBITDA margin (%)	24.5%	27.9%	-3.3%	24.5%	27.1%	27.3%	-2.6%
Depreciation & associated companies	-1,268	-1,015	24.9%	-2,457	-1,985	-4,158	23.8%
Depreciation of net sales (%)	-11.5%	-10.1%	-1.4%	-11.4%	-10.1%	-10.1%	-1.3%
One-off items	-20	-57		-19	42	-4	
EBIT	1,427	1,737	-17.8%	2,810	3,410	7,050	-17.6%
Normalized EBIT	1,447	1,794	-19.3%	2,829	3,368	7,054	-16.0%
Normalized EBIT margin (%)	13.1%	17.8%	-4.7%	13.1%	17.1%	17.2%	-3.9%
Financial items	-321	-230	39.6%	-499	-304	-674	64.1%
Taxes	-257	-399	-35.6%	-593	-772	-1,472	-23.2%
Net profit	849	1,108	-23.4%	1,718	2,334	4,904	-26.4%
Discontinued operations	1	5	-80.0%	1	-8	-7	-112.5%
Net profit	850	1,113	-23.6%	1,719	2,326	4,897	-26.1%

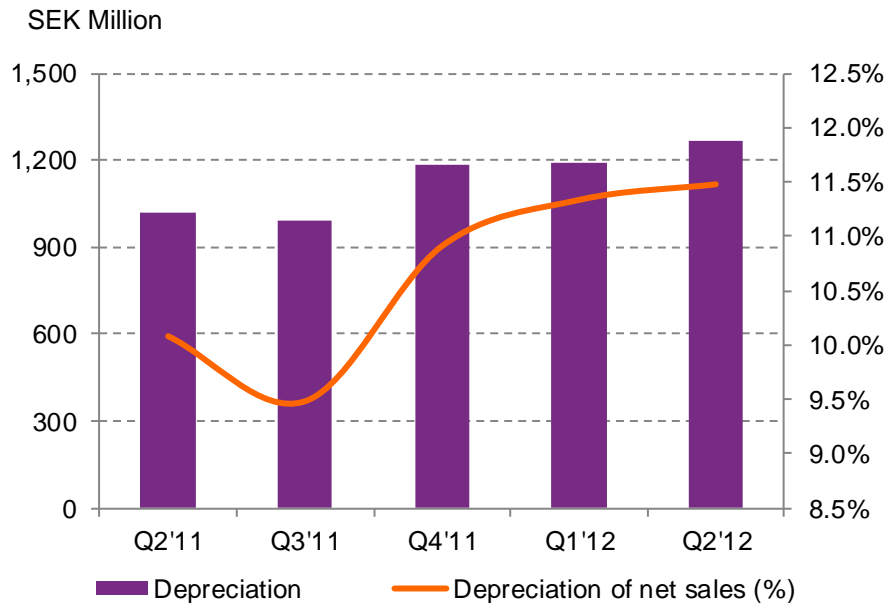
Currency movements Q2 2012



EUR/EUR pegged and RUB currencies represent 54% of external sales and 74% of EBITDA

Depreciation

DEPRECIATION and DEPRECIATION % OF NET SALES



Change Y-on-Y for Q2

- Acquisition of Network Norway (SEK 85 million) of which surplus depreciation and amortization of SEK 63 million
- Upgrade/replacement of networks in the Baltics during 2012 - 2013 (SEK 72 million)
- Russia SEK 57 million
- Kazakhstan SEK 22 million

Financial items

Financial items	Q2 2012	Q2 2011	YTD 2012	YTD 2011	FY 2011
Interest income/costs	-268	-87	-446	-128	-483
Exchange rate differences, external	6	-33	-7	-42	-24
Exchange rate differences, intragroup	-11	-56	42	-39	13
Other financial items	-48	-54	-88	-95	-180
Total	-321	-230	-499	-304	-674

Taxes

Taxes in income statement	Q2 2012	Q2 2011	YTD 2012	YTD 2011	FY 2011
Normal	-257	-399	-593	-772	-1,580
One off	-	-	-	-	108
Total	-257	-399	-593	-772	-1,472

Taxes in cash flow statement	Q2 2012	Q2 2011	YTD 2012	YTD 2011	FY 2011
Normal	-112	-325	-314	-550	-948
One off	-	-	-	-	-
Total	-112	-325	-314	-550	-948

- Deferred tax assets at year to date amounted to SEK 2.5 (Dec 2011: 3) billion
- The 2012 tax payment will affect the cash flow with SEK 1,000 (earlier 1,200) million

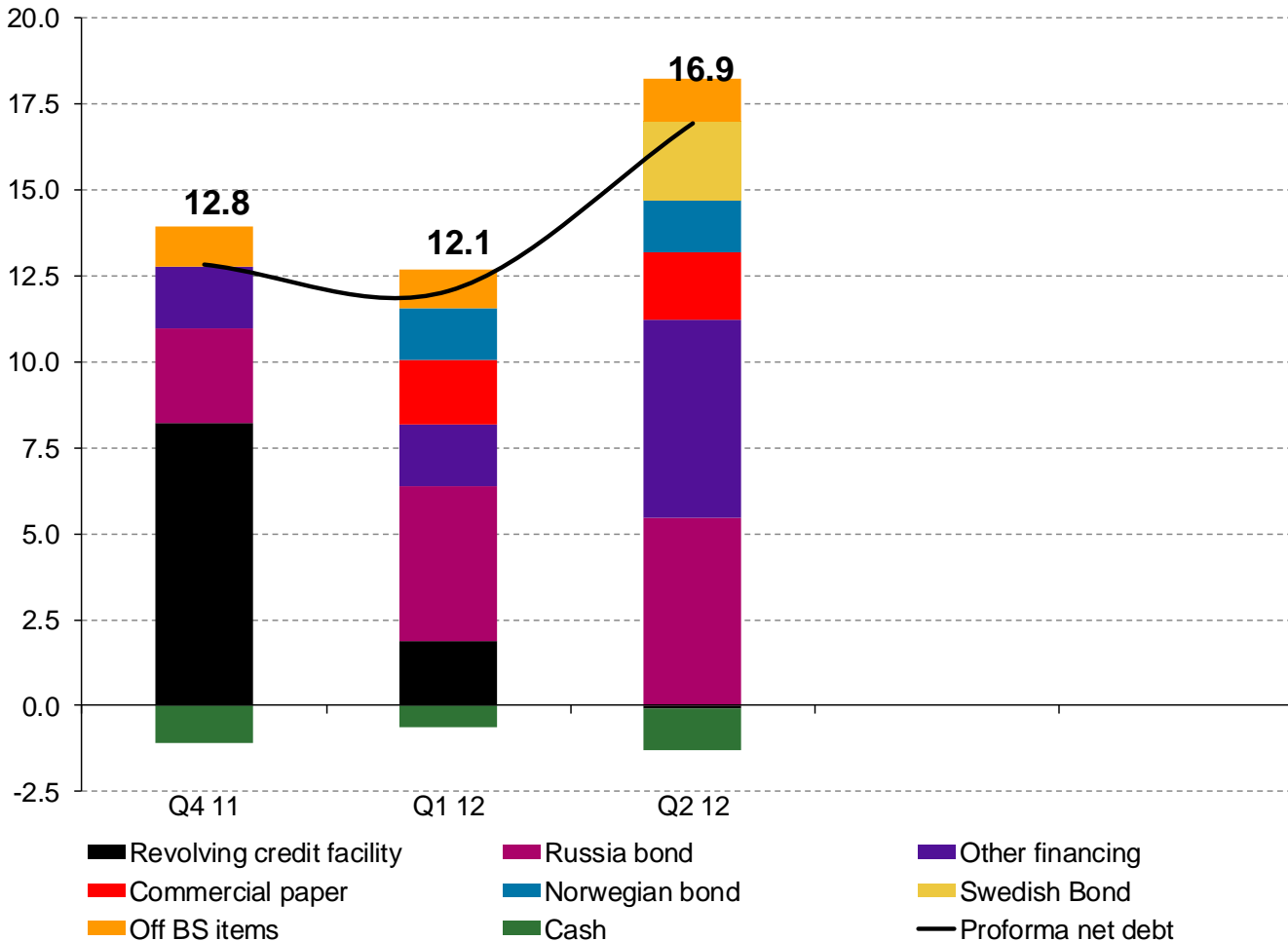
Cash flow

SEK million	Q2 2012	Q2 2011	YTD 2012	YTD 2011	FY 2011
OPERATING ACTIVITIES					
Before paid tax	2,548	2,686	5,065	5,350	10,895
Paid taxes	-112	-325	-314	-550	-948
Change in working capital	-246	-7	-665	-264	-257
CF from operating activities	2,190	2,354	4,086	4,536	9,690
INVESTING ACTIVITIES					
CAPEX	-1,417	-1,661	-2,247	-2,677	-5,572
CF after CAPEX	773	693	1,839	1,859	4,118
Shares and other financial assets	-5	-57	-203	-54	-1,563
CF after investing activities	768	636	1,636	1,805	2,555

Proforma financial debt profile

SOURCES OF FUNDING

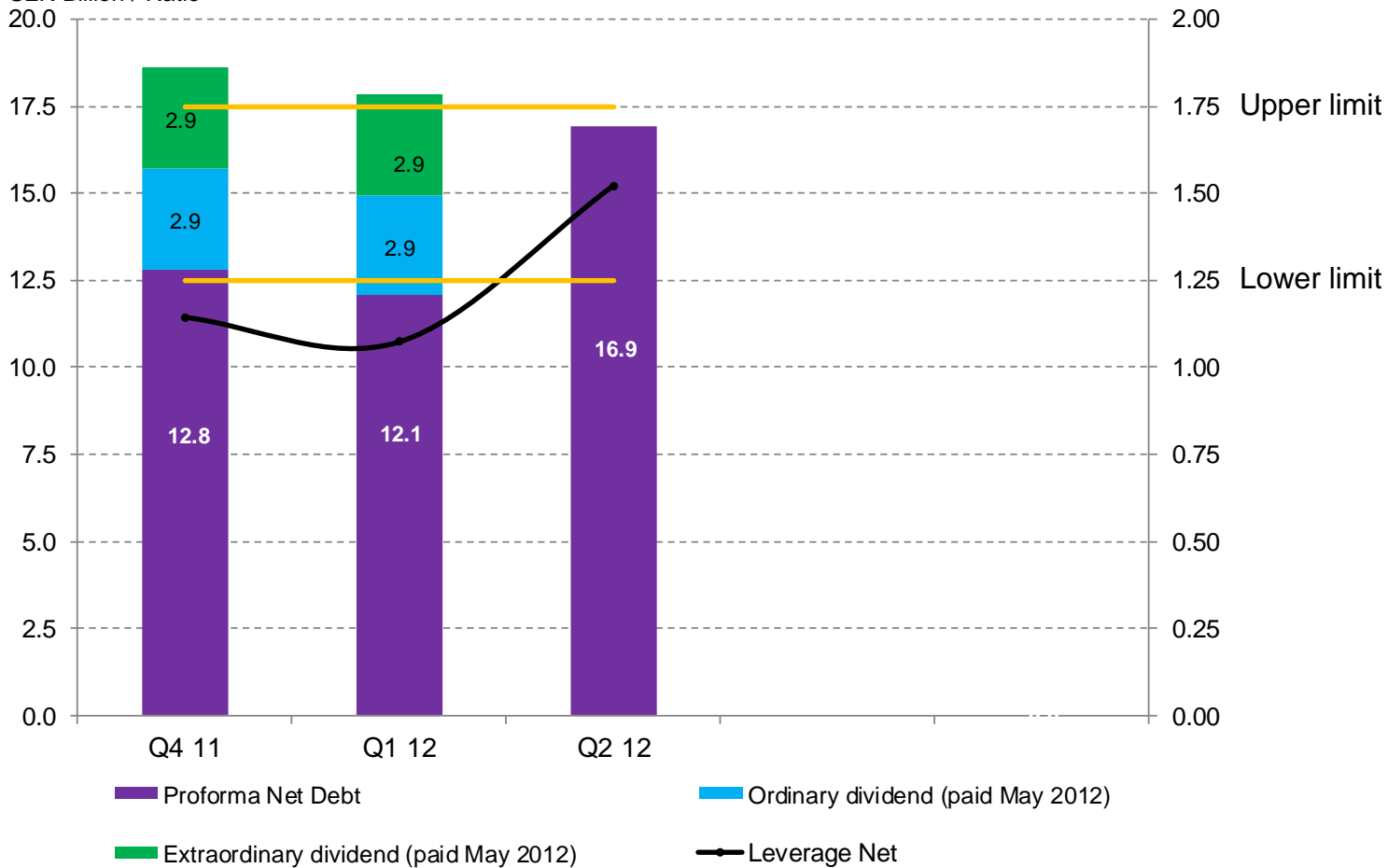
SEK Billion



Debt position and ratio

PROFORMA NET DEBT / EBITDA 12'M ROLLING

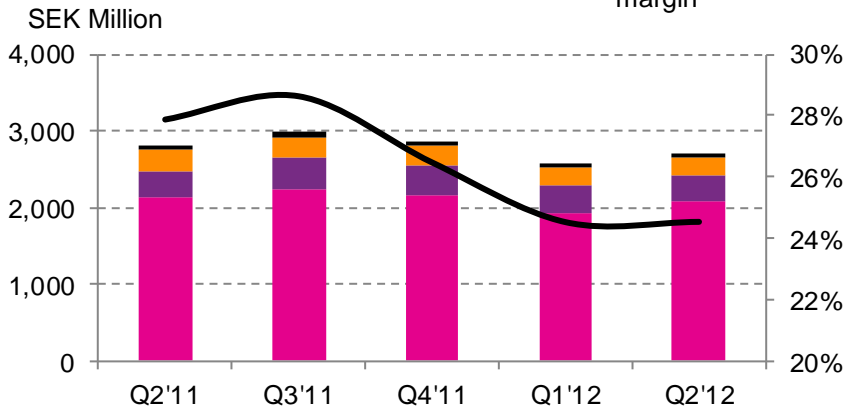
SEK Billion / Ratio



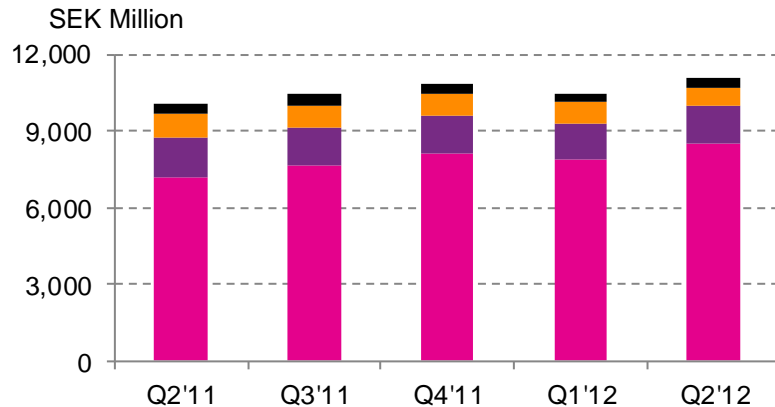
Group financials

■ Mobile
 ■ Fixed broadband
 ■ Fixed telephony
 ■ Other

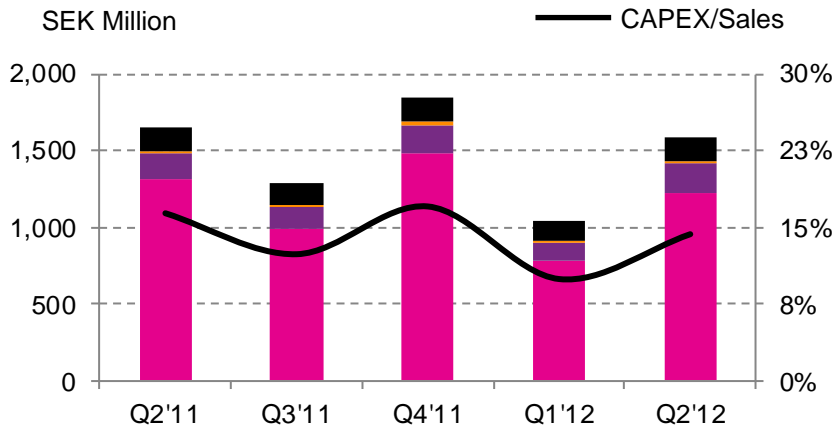
GROUP EBITDA and GROUP EBITDA MARGIN



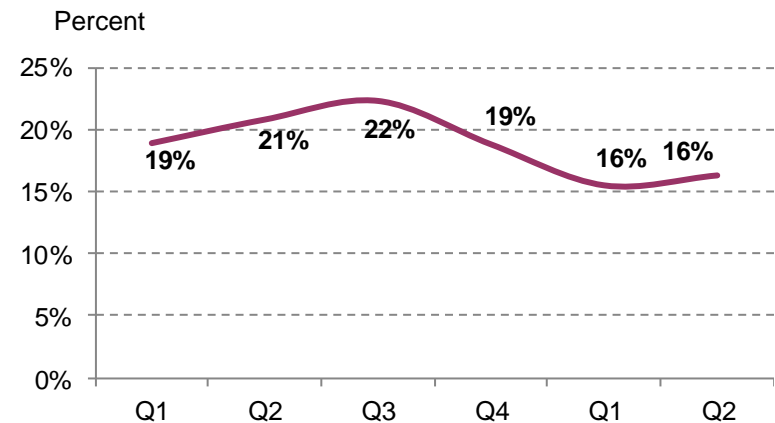
GROUP NET SALES



GROUP CAPEX (BS) and CAPEX/SALES



ROCE (NORMALISED)



Agenda



• About Q2 2012

• Financial review

• **Concluding remarks**

Concluding remarks

Manage the shift from voice to data

- Package services to increase attractiveness of data
- Exploit 4G services to make it a commercial success

Exploit new services and opportunities by offering our customers what they need for less

- WyWallet
- +46 app
- Roaming buckets

Growth

- Through emerging markets such as Russia and Kazakhstan
- Through evolution of multiple devices

The logo for TELE2, featuring the word "TELE2" in a bold, black, sans-serif font. The letters are stylized with a blocky, geometric appearance. The "2" is particularly large and has a unique shape with a vertical bar on its right side.

Q&A

TELE2