

# Interim Report January-September 2012

## Q3 2012 Highlights

### Net sales growth for the group of 9 percent excluding exchange rate differences

- Net sales amounted to SEK 10,906 (10,429) million corresponding to a growth excluding exchange rate difference of 9 percent in the quarter. EBITDA in Q3 2012 amounted to SEK 3,002 (2,986) million, equivalent to an EBITDA margin of 28 (29) percent.

### Strong customer intake in market area Russia

- In Q3 2012, Tele2 Russia added 710,000 (681,000) customers, resulting in a total customer base of 22.3 (20.4) million. EBITDA amounted to SEK 1,239 (1,214) million, equivalent to an EBITDA margin of 38 (40) percent.

### Sustained mobile revenue growth in market area Nordic

- Mobile revenue in Sweden grew by 4 percent, as customer demand for smartphones and data services increased further during the quarter. The mobile EBITDA contribution in the quarter reached a record high of SEK 828 (799) million due to increased usage and improved cost efficiency. Tele2 Norway performed well dur-

ing the quarter, as its network capabilities improved, leading to robust EBITDA margin development despite lowered inter-connect rate from the 1st of July.

### Significant operational progress in market area Central Europe & Eurasia

- During the quarter, Tele2 Kazakhstan continued to expand its market share and added 589,000 (459,000) new customers in the quarter. The total customer base amounted to 3.1 (1.1) million. The Baltic countries drove further cost cutting in the quarter, to maintain a firm EBITDA margin development despite tough competitive pressure.

### Robust margin development in market area Western Europe

- Tele2 Netherlands maintained stable EBITDA margin compared to same period last year, in spite of a strong marketing push within the mobile segment. Both Tele2 Austria and Tele2 Germany continued their steady operational development thanks to a combination of innovative product offers and tight cost control.

Net sales Q3 2012

**10,906**

SEK million

EBITDA Q3 2012

**3,002**

SEK million

## Key Financial Data

SEK million	Q3			9M		
	2012	2011	%	2012	2011	%
Net Sales	10,906	10,429	5	32,451	30,149	8
Net Sales excluding exchange rate differences	10,906	10,003	9	32,451	29,750	9
EBITDA	3,002	2,986	1	8,288	8,339	-1
EBITDA excluding exchange rate differences	3,002	2,852	5	8,288	8,199	1
EBIT	1,317	1,977		4,129	5,387	
EBIT excluding one-off items	1,855	1,997		4,684	5,365	
Net Profit	980	1,259		2,699	3,593	
Earnings per share, after dilution (SEK)	2.19	2.82		6.04	8.06	

The figures presented in this report refer to Q3 2012 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2011.

**TELE2**

# CEO comment

Tele2 has continued to show robust performance in customer intake, revenue and EBITDA during the third quarter of 2012. Mobile now accounts for almost 80 percent of total revenue; all indicators demonstrate that by choosing to focus on mobile services we have moved in the right strategic direction. Indeed, we can see even more pronounced shifts from voice to data demand, as well as “acceleration of everything”: mobile data volumes, for example, are growing 3 times faster than fixed broadband data.

Growth assets and positive underlying mobile trends underpin our potential for sustainable earnings growth in the longer term. Increased scale and cost efficiency remain key to our profitability and owning the customer relationship is central to securing our position in the value chain.

We firmly believe that spectrum neutrality over available bands for mobile communications would greatly benefit consumers in Russia and were disappointed by the decision of the GKRCh to postpone the introduction of technology neutrality. Spectrum neutrality would drive technology and service development and foster a healthy competitive environment in the country, acting as an important catalyst for innovation and social development. We will continue to give our full support to GKRCh as it will carry out further testing in the coming months.

Customer intake maintained its strong growth in the Russian market; we will now concentrate our efforts on adopting a more balanced approach towards customer growth and profitability. It is encouraging to see that there is a sustained and increasing demand for our services, demonstrating that from a regional perspective 2G/EDGE services will continue to be required and developed for many years to come.

In Sweden, mobile services contributed to record high EBITDA, thanks to healthy service revenue growth. Swedish customers are very technology-prone, as they confirm their interest in 4G services, prompting us to further complement our existing handset portfolio before year-end. We are expecting manufacturers to release more 4G-enabled devices in the market in Q4 2012, thereby driving demand for more data which we are ready to service with innovative offers. 4G network deployment is progressing according to plan. By sharing core networks with partners, we will bring additional cost benefits to our network operations.

Norway showed satisfactory operational progress, with a strong EBITDA contribution driven by improved network capabilities.

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**“All indicators demonstrate that by choosing to focus on mobile services we have moved in the right strategic direction.”**

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Tele2 Kazakhstan maintained its position as the group’s outperformer. The company benefited from a solid customer momentum and the acknowledgement that it offers the best prices in the market combined with a strong data and value proposition. Our entry into the market has provided consumers with much more affordable mobile services and we will persist in our efforts toward reaching a more competitive level of interconnect rates to preserve this trend.

Our operations in Estonia, Latvia and Lithuania stayed on a steady course, managing to produce great results and gain further

market share under sustained competitive pressure.

Our operation in The Netherlands has been pushing ahead with its renewed mobile strategy, demonstrating that it is possible to break through the cluttered Dutch market by providing attractively priced and packaged products. In the business market, Tele2 Netherlands signed several new and strategically important contracts. The consumer market remaining highly competitive, the company concentrated its efforts on retaining its customer base by up-selling to higher value bundles.

Tele2 Austria executed its strategy well, dominating its niche residential and SME markets.

In Germany, we managed to keep delivering stable EBITDA margins and have also profitably developed fixed services by means of mobile backhaul-based solutions.

In the very dynamic world of communications, undergoing perpetual change, Tele2 has put its conviction into mobility. Our company is large enough to enjoy operational scale and yet small and nimble enough to act quickly in transforming environments. In short, Tele2 is ready for a data centric future.

Mats Granryd  
*President and CEO, Tele2 AB*

# Financial Overview

Tele2's financial performance is driven by its relentless focus on developing mobile services on its own infrastructure, complemented in certain countries by fixed broadband services and business-to-business offerings. Mobile sales, which grew compared to the same period last year, and greater efforts to develop mobile services on own infrastructure have further improved Tele2's EBITDA contribution. The group will concentrate on maximizing the return from fixed-line operations, as their customer base continues to decline.

**Net customer intake** amounted to 1,401,000 (1,216,000) in Q3 2012. The customer intake in mobile services amounted to 1,517,000 (1,325,000). This trend was mainly driven by a good customer intake in Tele2 Russia, complemented by solid customer intake in Tele2 Kazakhstan, whose customer bases grew by 710,000 (681,000) and 589,000 (459,000) customers respectively. The fixed broadband customer base lost -16,000 (-34,000) customers in Q3 2012, primarily attributable to Tele2's operations in the Netherlands and in Germany. As expected, the number of fixed telephony customers fell in Q3 2012. On September 30, 2012 the total customer base amounted to 37,671,000 (33,506,000) due to a continued growth in mobile services.

**Net sales** in Q3 2012 amounted to SEK 10,906 (10,429) million corresponding to a growth excluding exchange rate differences and one-off items of 9 percent. The revenue development was mainly a result of sustained success in mobile services and of the integration of Network Norway.

**EBITDA** in Q3 2012 amounted to SEK 3,002 (2,986) million, equivalent to an EBITDA margin of 28 (29) percent. The EBITDA development was supported by improved EBITDA contribution in Tele2 Norway, Tele2 Sweden and Tele2 Russia thanks to a more favourable market environment.

**EBIT** in Q3 2012 amounted to SEK 1,855 (1,997) million excluding one-off items.<sup>1</sup> Including one-off items, EBIT amounted to SEK 1,317 (1,977) million. The EBIT development was negatively

impacted by SEK 65 million (Note 2) as a result of an accelerated depreciation of network equipment in the Baltic region in preparation for a network replacement. EBIT was also negatively impacted by one off items amounting to SEK -538 (-20) million. Those were related to recognized impairment on Tele2 Croatia of SEK 250 million and a lost arbitration proceeding, leading to damages amounting to SEK 288 million (Note 2).

**Profit before tax** in Q3 2012 amounted to SEK 1,098 (1,690) million.

**Net profit** in Q3 2012 amounted to SEK 980 (1,259) million. Reported tax for Q3 2012 amounted to SEK -118 (-431) million affected by a valuation of deferred tax assets in Austria of SEK 262 million (Note 4). Tax payment affecting cash flow amounted to SEK -178 (-235) million.

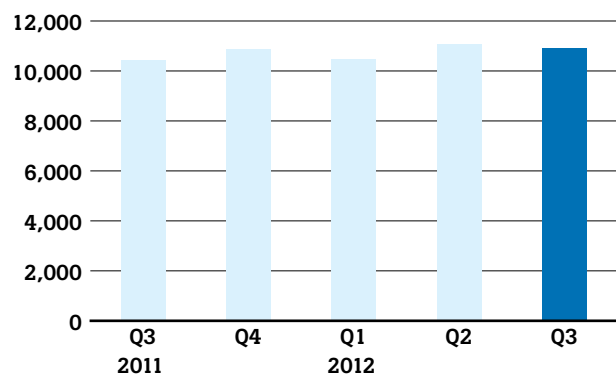
**Cash flow after CAPEX** in Q3 2012 amounted to SEK 1,702 (1,584) million.

**CAPEX** in Q3 2012 amounted to SEK 1,229 (1,291) million, driven mainly by further network expansion in Sweden, Norway, Russia and Kazakhstan.

**Net debt** amounted to SEK 15,988 (12,163) million on September 30, 2012, or 1.43 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 11,855 (10,037) million (Note 10 for further information on financial debt).

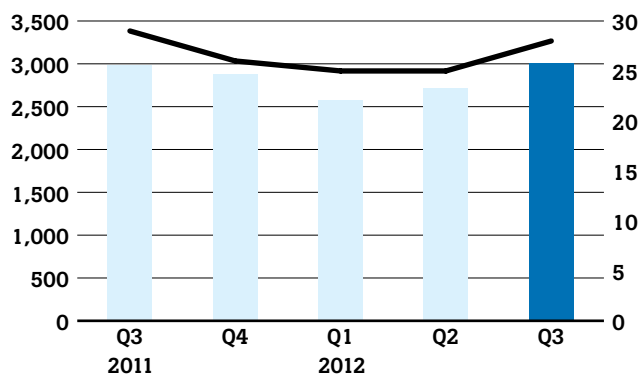
## Net sales

MSEK



## EBITDA and EBITDA margin

MSEK/Percent



<sup>1</sup> See section EBIT on page 19.

## FINANCIAL GUIDANCE

Tele2's objective is to maintain a healthy balance between growth regions and more mature markets and to be established in Europe and Eurasia. The group will secure licences through strong local connections within the business and political communities in all its markets. Tele2's core markets are characterized by:

- An established Best Deal position.
- The capability to reach a top 2 position in terms of customer market share, in an individual country or region.
- A mobile operation based on own infrastructure should return at least 35 percent EBITDA margin.
- All operations in the group should have at least 24 percent return on capital employed (ROCE).

### Tele2 group forward looking statement

The following assumptions should be taken into account when estimating 2012 results for the group:

- Tele2 forecasts a corporate tax rate of approximately 24 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 1,000 million.
- Tele2 forecasts a capex level of approximately SEK 5,000 (earlier 5,500) million.

### 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 mobile service revenue to grow by approximately 3 – 4 percent.
- Tele2 expects an EBITDA margin of between 30–32 percent, assuming that the market environment will remain stable.

### 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 million.
- Tele2 expects an EBITDA margin of between 4–6 (earlier 2 – 3) percent.
- Tele2 expects capex of between SEK 450–550 (earlier 850 – 950) million.

### 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 approximately 22.5 (earlier 22) million.
- Tele2 expects ARPU to grow by 3 – 5 percent in local currency.
- Tele2 expects an EBITDA margin of between 37 – 39 percent.
- Tele2 expects capex of between 1,300 – 1,500 million.

### 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 approximately 3.4 (earlier 3.0) million.
- Tele2 expects an EBITDA contribution of between SEK -350 to -400 million.
- Tele2 expects capex of between SEK 450–500 (earlier 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.

### Tele2 Croatia forward looking statement

The following assumptions 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 percent.

### Shareholder remuneration

Tele2 will seek to pay a progressive ordinary dividend of 50 percent or more of net income excluding one-off items. Extraordinary dividends and the authority to purchase Tele2's own shares will be sought when the anticipated total return to shareholders is deemed to be greater than the achievable returns from the deployment of the capital within the group's operating segments or the acquisition of assets within Tele2's economic requirements.

### Balance sheet

Tele2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The group's longer term financial leverage should be in line with the industry and the markets in which it operates, and reflect the status of its operations, future strategic opportunities and contingent liabilities.

## SIGNIFICANT EVENTS IN THE QUARTER

- Tele2 Kazakhstan reached 3 million customers in September
- Tele2 AB successfully completed the issuance of an 18-month SEK 500 million bond in the Swedish bond market
- Tele2 AB completed the signing of a loan agreement with Nordic Investment Bank (NIB) totalling EUR 74 million for the complementary financing of Tele2's mobile network expansion in Norway
- Tele2 AB recognized an impairment in Tele2 Croatia amounting to SEK 250 million (Note 2)
- Tele2 AB lost an arbitration proceeding and was ordered to pay damages amounting to SEK 288 million (Note 2)
- Roxanna Zea was appointed Chief Strategy Officer at Tele2 AB

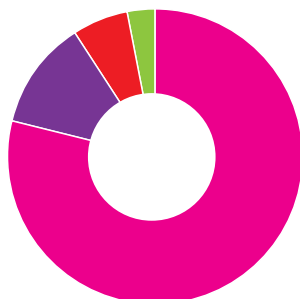
SEK million	Q3 2012	Q3 2011	9M 2012	9M 2011	FY 2011
<b>Mobile<sup>1)</sup></b>					
Net customer intake (thousands)	1,517	1,325	3,855	3,067	3,413
Net sales	8,582	7,632	24,970	21,568	29,668
EBITDA	2,354	2,249	6,355	6,281	8,440
EBIT	1,493	1,573	3,632	4,303	5,625
CAPEX	971	989	2,979	3,239	4,727
<b>Fixed broadband<sup>1)</sup></b>					
Net customer intake (thousands)	-16	-34	-45	-53	-70
Net sales	1,326	1,503	4,220	4,530	6,022
EBITDA	346	395	1,036	1,088	1,475
EBIT	129	170	354	397	535
CAPEX	130	141	449	466	643
<b>Fixed telephony<sup>1)</sup></b>					
Net customer intake (thousands)	-100	-75	-339	-347	-573
Net sales	674	890	2,203	2,801	3,655
EBITDA	250	270	754	814	1,090
EBIT	221	223	673	676	911
CAPEX	10	17	31	47	70
<b>Total</b>					
Net customer intake (thousands)	1,401	1,216	3,471	2,667	2,770
Net sales	10,906	10,429	32,451	30,149	41,001
EBITDA	3,002	2,986	8,288	8,339	11,212
EBIT <sup>2)</sup>	1,317	1,977	4,129	5,387	7,050
CAPEX	1,229	1,291	3,858	4,255	6,105
EBT	1,098	1,690	3,411	4,796	6,376
Net profit	980	1,259	2,699	3,593	4,904
Cash flow from operating activities	2,778	2,726	6,864	7,262	9,690
Cash flow after CAPEX	1,702	1,584	3,541	3,443	4,118

<sup>1)</sup> Excluding one-off items (see sections Net sales and EBIT on pages 16 and 20).

<sup>2)</sup> Total EBIT includes result from sale of operations and other one-off items stated under the segment reporting section of EBIT (page 20).

### Net sales per product area, Q3 2012

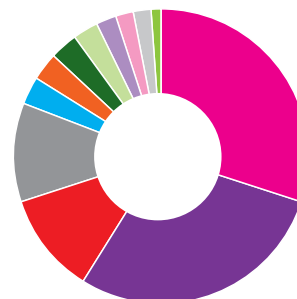
Percent



Mobile	79%	Fixed telephony	6%
Fixed broadband	12%	Other	3%

### Net sales per country, Q3 2012

Percent



Russia	30%	Croatia	3%
Sweden	29%	Kazakhstan	3%
Netherlands	11%	Latvia	2%
Norway	11%	Germany	2%
Austria	3%	Estonia	2%
Lithuania	3%	Other	1%

# Overview by region

## EXTERNAL SALES LESS EXCHANGE RATE FLUCTUATIONS

	2012 Q3	2011 Q3 <sup>1)</sup>	Growth	2012 YTD	2011 YTD <sup>1)</sup>	Growth
Sweden	3,189	3,186	0%	9,469	9,419	1%
Norway	1,184	698	70%	3,527	2,118	67%
Russia	3,257	2,863	14%	9,582	8,353	15%
Estonia	225	204	10%	658	600	10%
Lithuania	303	308	-2%	901	890	1%
Latvia	263	271	-3%	757	807	-6%
Croatia	357	354	1%	961	939	2%
Kazakhstan	270	118	129%	663	192	245%
Netherlands	1,243	1,313	-5%	3,937	4,232	-7%
Germany	223	243	-8%	721	798	-10%
Austria	322	318	1%	1,019	1,001	2%
Other	70	127	-45%	256	401	-36%
	<b>10,906</b>	<b>10,003</b>	<b>9%</b>	<b>32,451</b>	<b>29,750</b>	<b>9%</b>
FX effects		426	-4%		399	-1%
<b>Total</b>	<b>10,906</b>	<b>10,429</b>	<b>5%</b>	<b>32,451</b>	<b>30,149</b>	<b>8%</b>

<sup>1)</sup> Adjusted for fluctuations in exchange rates including acquisitions.

## NORDIC

The Nordic market area delivers strong cash flow to the Tele2 group and is the test bed for new services.

### Sweden

**Mobile** Competition in the market persisted throughout the quarter in the form of marketing campaigns with a focus on bundle offers rather than on unit pricing. In Q3 2012, strong demand for handsets continued to support the shift from prepaid to postpaid in the market. During the quarter, Tele2 Sweden launched a postpaid offer with fixed price plan under the Comviq brand, which was well received.

The smartphone installed base in the postpaid segment continued to grow and was 71 percent at the end of the quarter.

The EBITDA contribution in the quarter reached a record high of SEK 828 (799) million due to increased usage and improved cost efficiency. The EBITDA margin reached 33 (33) percent.

Tele2 Sweden continued the roll-out of the combined 2G and 4G networks in the joint venture Net4Mobility, covering at the end of Q3 2012 more than 200 municipalities and 7.2 million people, with what will become the most extensive 4G network in the country. In the quarter, Net4Mobility successfully launched on the Swedish West coast the first Multiple Operator Core Network in the world, combining radio and core infrastructure and thereby creating a reference point for cost efficiency. With this new network, Tele2 Sweden will increase coverage by 20 percent while future proofing customers' ever increasing demand for data.

In the business segment, Q3 2012 showed continued improved intake in the Communication as a Service area, as well as a growth in customer base and overall EBITDA above expectations. In the SME segment, Tele2 Business reinforced its price leading position in the quarter, resulting in an increased net intake.

## EBITDA LESS EXCHANGE RATE FLUCTUATIONS

	2012 Q3	2011 Q3 <sup>1)</sup>	Growth	2012 YTD	2011 YTD <sup>1)</sup>	Growth
Sweden	966	937	3%	2,506	2,754	-9%
Norway	112	-3	3833%	230	75	207%
Russia	1,239	1,155	7%	3,501	3,224	9%
Estonia	60	63	-5%	182	170	7%
Lithuania	106	113	-6%	345	317	9%
Latvia	90	92	-2%	269	282	-5%
Croatia	34	41	-17%	51	52	-2%
Kazakhstan	-102	-103	1%	-304	-305	0%
Netherlands	386	429	-10%	1,188	1,263	-6%
Germany	66	79	-16%	237	240	-1%
Austria	95	74	28%	255	226	13%
Other	-50	-25	-100%	-172	-99	-74%
	<b>3,002</b>	<b>2,852</b>	<b>5%</b>	<b>8,288</b>	<b>8,199</b>	<b>1%</b>
FX effects		134	-4%		140	-2%
<b>Total</b>	<b>3,002</b>	<b>2,986</b>	<b>1%</b>	<b>8,288</b>	<b>8,339</b>	<b>-1%</b>

**Fixed broadband** Tele2 Sweden experienced further growth in the fixed broadband customer base, mainly driven by success in the Fiber segment and triple play offerings. The EBITDA contribution in the quarter was SEK 35 (43) million. The EBITDA margin for the fixed broadband segment was 10 (11) percent.

**Fixed telephony** The EBITDA contribution in the quarter was SEK 89 (80) million. Tele2 Sweden reported an EBITDA margin of 32 (23) percent during Q3 2012 and saw, as expected, a continued decrease in demand for fixed telephony.

### Norway

**Mobile** In the quarter, Tele2 Norway reported revenues of SEK 1,117 (639) million, impacted by the acquisition of Network Norway.

Tele2 Norway had a successful quarter with a good net intake and satisfactory profitability. In the residential market, sales campaigns focused on smartphones bundled with fixed-price subscriptions. All brands aimed to increase the share of fixed-price subscriptions in order to secure revenue streams.

Tele2 Norway reached an EBITDA contribution of SEK 101 (-20) million in Q3 2012. Tele2 Norway reported an EBITDA margin of 9 (-3) percent during the quarter. The operational performance was partly supported by the fact that more traffic volume moved to Tele2's own network.

The roll-out was delayed mainly due to co-location problems with some of the competitors. The co-location problems have been brought to the attention of the Regulator and the Department of Transport and Communications.

**Fixed telephony** Fixed telephony showed a stable development of revenue and profitability during Q3 2012. Fixed telephony had an EBITDA contribution of SEK 11 (16) million in the quarter. Tele2 Norway reported an EBITDA margin of 17 (20) percent during the quarter.

## RUSSIA

The Russian operation is Tele2's most significant growth engine. The company has GSM licences in 43 regions covering approximately 62 million inhabitants. Tele2 Russia's strategy is to have a balanced approach to rolling out new regions, while maintaining a stable profitability in the more mature regions.

**Mobile** The overall operational development in the quarter was characterized by a more balanced competitive environment in combination with a solid customer intake. Tele2 Russia continued to pursue market share during the quarter, especially in regions that have not yet reached critical mass. By maintaining its focus on expanding market share in the third quarter, Tele2 Russia will benefit from additional operational leverage throughout the rest of the year. EBITDA amounted to SEK 1,239 (1,214) million, equivalent to a margin of 38 (40) percent.

The total customer base grew by 710,000 (681,000) in Q3 2012 divided into 281,000, 227,000 and 202,000 customers for the months of July, August and September respectively. During the last 12 months, Tele2 Russia's customer base has grown by 2.0 million new users, proving that there is a continued solid demand for the company's services despite competitors' introduction of 3G services. The total customer base amounted to 22.3 (20.4) million at the end of Q3 2012. The churn level of the total customer base was steady during the quarter, helped by a more stable market environment. Tele2 Russia will maintain its effort to be best in class in customer retention and continue to work with a commission structure to the retail channels in order to further enhance the quality of customer intake.

Despite an impact from customer base growth in new regions with lower initial service usage, and generally high competitive pressure throughout Tele2 Russia's footprint, MoU for the total operations increased by 7 percent compared to the year-earlier period, amounting to 257 (240). ARPU was SEK 49 (50) or RUB 234 (225).

On the regulatory side, Tele2 was disappointed by the decision to postpone the introduction of technology neutrality in the Russian market. However, the company will continue to give its full support to the State Commission for Radio Frequency (GKRCh) as it will extend the evaluation period for technology neutrality. Tele2 expects that the regulatory authorities will maintain their established support to the regional operators and enable them to provide essential future-proof data services.

Tele2 Russia will keep looking for possibilities to carefully expand its operations through new licences as well as by complementary acquisitions.

## CENTRAL EUROPE AND EURASIA

Tele2's Baltic operations will remain focused on generating a strong cash flow contribution as the economies in the region stabilize. Tele2 Croatia is a challenger offering the Best Deal in both mobile telephony and mobile broadband. Tele2 Kazakhstan's operation is the latest growth opportunity for the group.

### Kazakhstan

**Mobile** Tele2's achievements in Kazakhstan proved satisfactory in terms of customer intake thanks to a good value proposition in both the voice and data segments. The milestone of 3 million customers was passed in September, well ahead of plan. Customer intake amounted to 589,000 (459,000) subscribers during the quarter and Tele2 Kazakhstan's total customer base reached 3.1 million by the end of September.

Further network expansion, quality and coverage improvement, especially in small towns and rural areas, will allow the company to increase its commercial activity and attract new customers in the different regions of the country.

Tele2 Kazakhstan focused on the development of data network quality, and will pursue network deployment throughout the year to have a geographic coverage comparable to that of its competitors. The company will also continue to work toward getting more competitive interconnect levels in the country so as to lay the foundation for even more attractively priced offerings in the market.

### Estonia

**Mobile** Despite persistent pressure on prices in the market, Tele2 Estonia continued to execute its growth strategy and kept its position on price perception, which resulted in positive net intake in all segments.

Data consumption kept on increasing notably in Q3 2012 and Tele2 Estonia worked on making its network ready for commercial LTE launch at the end of this year.

The integration of Televõrgu AS continued to demonstrate strong synergies during the quarter. Tele2 Estonia will further develop infrastructure in terms of coverage, capacity and data capabilities through a network upgrade.

### Lithuania

**Mobile** During Q3 2012, Tele2 Lithuania managed to further strengthen its position to the point of taking the lead in the market and increased revenue, in spite of increased competitive pressure.

Thanks to successful sales and marketing activities, Tele2 Lithuania achieved a positive customer intake during the quarter.

More particularly, Tele2 Lithuania was successful in attracting business customers and in managing postpaid churn in a satisfactory way. As a result, the quarterly churn decreased compared to the same quarter last year.

Besides, Tele2 Lithuania managed to defend its prepaid customer base amid increased price competition in the market.

Revenue decreased compared to the same period last year due to a negative impact derived from lower interconnect rates.

In Q3 2012, EBITDA margin was fairly stable, helped by better cost control.

Tele2 Lithuania will keep focusing on growing its market share in the business segment, benefiting from general price sensitivity among private companies and state-owned organizations. Moreover, Tele2 will continue to capitalize on the mobile broadband sales growth momentum and further develop infrastructure in terms of coverage, capacity and data capabilities through a network upgrade.

## Latvia

**Mobile** Tele2 Latvia delivered solid financial performance during Q3 2012 while sustaining high levels of profitability in a particularly competitive environment.

During the quarter, the company introduced new offers in the market to preserve its position. Ongoing network modernisation will ensure operational efficiency in order to keep up with increasing demand for data.

The company will continue to strengthen its market position by maintaining its price leadership and targeting its efforts at postpaid and business customer segments.

## Croatia

**Mobile** During Q3 2012, Tele2 Croatia further stabilized its financial position and increased its customer base by 33,000 (45,000) new customers. The customer base reached 798,000 (827,000) at the end of the quarter.

This increase during the quarter was mainly driven by campaigns in the prepaid voice segment and summer seasonal growth of tourist SIM cards.

Tele2 Croatia reached an EBITDA of SEK 34 (43) million. Going forward, Tele2 Croatia will continue to focus on growing its customer base to improve its operational scale and thereby reach its financial guidance by the end of 2012.

In Q3 2012, an impairment loss was recognized in Tele2 Croatia amounting to SEK 250 million (Note 2).

## WESTERN EUROPE

### The Netherlands

Tele2 Netherlands' customer base grew during the quarter driven by high mobile intake. New broadband contracts in the business segment also contributed to the increase of sales intake. Though revenue declined slightly due to seasonality effects, the EBITDA margin and cash flow performance showed steady development. EBITDA margin stability can be attributed to efficient sales acquisition and a continued focus on costs.

**Mobile** Tele2 Netherlands was able to successfully maintain its mobile subscriber growth momentum both in the postpaid and prepaid segments, due to the fact that the company provides customers with the freedom to compose their own subscription with their personal mix of voice and data.

**Fixed Broadband** Tele2 Netherlands' Fixed Broadband customer base showed a slight decline in the highly competitive Dutch market, where residential customers continued to opt for bundled services combining internet and television subscriptions. Tele2 Netherlands managed once again to win important contracts in the business segment during Q3 2012.

## Germany

Tele2 Germany's operations continued to demonstrate robust performance in Q3 2012. Revenue and profitability were in line with expectations.

**Mobile** With sustained profitable intake in both the home telephony product and the combined internet and telephony packages, Tele2 Germany continued to expand its mobile customer base, keeping a good balance between growth and profitability.

**Fixed Broadband** Focusing on retention and profitability, Tele2 Germany was able again to show reasonably stable customer base development.

**Fixed Telephony** Since August 1, 2012, a statutory obligation requires a price announcement before each connection in open call-by-call in order to increase price transparency for consumers. Having succeeded to launch the service in time, Tele2 Germany managed to maintain its strong market position in the call-by-call segment and performed well above expectations.

## Austria

Tele2 Austria demonstrated steady financial performance as a consequence of a strong sales focus across all business segments and further emphasis on cost control.

The integration of new infrastructure technologies (virtual unbundling and VDSL) enabled the company to offer higher speeds, and by doing so to be more competitive in the Austrian market.

**Fixed broadband** With stable order intake, Tele2 Austria performed according to plan in the business segment, supported by the continued strong contribution of Silver Server's customer base.

**Fixed telephony** Cross- and upselling voice packages with additional binding prolongation remained the primary activity during this quarter, partly offsetting the decline in voice revenues.



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## **OTHER ITEMS**

### **Risks and uncertainty factors**

Tele2's operations are affected by a number of external factors. The risk factors considered to be most significant to Tele2's future development are operating risks such as the availability of frequencies and telecom licences, operations in Russia and Kazakhstan, network sharing with other parties, integration of new business models, destructive price competition, changes in regulatory legislation, and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in Tele2's annual report for 2011 (see Directors' report and Note 2 of the report for a detailed description of Tele2's risk exposure and risk management), no additional significant risks are estimated to have developed.

## **COMPANY DISCLOSURE**

### **Tele2 AB (publ) Annual General Meeting 2013**

The 2013 Annual General Meeting will be held on May 13, 2013 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to [agm@tele2.com](mailto:agm@tele2.com) or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE-164 94 Kista, Sweden, at least seven weeks before the Annual General Meeting for the proposal to be included in the notice to the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

### **Nomination committee for the 2013 Annual General Meeting**

In accordance with the resolution of the 2012 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee consisting of members representing the largest shareholders in Tele2. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik; Åsa Nisell on behalf of Swedbank Robur funds; Thomas Ehlin on behalf of Nordea Investment Funds, and Hans Ek on behalf of SEB Investment Management AB. The members of the Committee will appoint the Committee Chairman at their first meeting. Information about the work of the Nomination Committee can be found on Tele2's corporate website at [www.tele2.com](http://www.tele2.com). Shareholders wishing to propose candidates for election to the Board of Directors of Tele2 AB (publ) should submit their proposal in writing to [agm@tele2.com](mailto:agm@tele2.com) or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE 164 94, Kista, Sweden.

### **Other**

Tele2 will release the financial and operating results for the period ending December 31, 2012 on February 5, 2013.

Stockholm, October 18, 2012

Tele2 AB

Mats Granryd  
*President and CEO*

### **Review Report**

This interim report has not been subject to review by the Company's auditors.

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## TELEPHONE CONFERENCE

Tele2 will host a conference call, with an interactive presentation, for the global financial community at 10:00 am CET (09:00 am UK time/04:00 am NY time) on Thursday, October 18, 2012. The conference call will be held in English and also made available as an audiocast on Tele2's dedicated Q3 2012 website, [reports.tele2.com/2012/Q3](http://reports.tele2.com/2012/Q3).

### Dial-in information

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the conference call to register your attendance.

### Dial-in numbers

Sweden: +46 8 505 598 53

UK: +44 203 043 24 36

US: +1 866 458 40 87

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**VISIT OUR WEBSITE: [www.tele2.com](http://www.tele2.com)**

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**TELE2 IS ONE OF EUROPE 'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING THE BEST DEAL.** We have 38 million customers in 11 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2011, we had net sales of SEK 41 billion and reported an operating profit (EBITDA) of SEK 11.2 billion.

# Income statement

SEK million	Note	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2011 Q3
<b>CONTINUING OPERATIONS</b>						
Net sales		32,451	30,149	41,001	10,906	10,429
Operating expenses	2	-28,400	-24,940	-34,178	-9,601	-8,466
Other operating income	3	161	318	392	47	61
Other operating expenses		-83	-140	-165	-35	-47
<b>Operating profit, EBIT</b>		<b>4,129</b>	<b>5,387</b>	<b>7,050</b>	<b>1,317</b>	<b>1,977</b>
Interest income/costs	10	-710	-308	-483	-259	-180
Exchange rate differences, external		-19	-53	-24	-12	-11
Exchange rate differences, intragroup		135	-92	13	88	-53
Other financial items		-124	-138	-180	-36	-43
<b>Profit after financial items, EBT</b>		<b>3,411</b>	<b>4,796</b>	<b>6,376</b>	<b>1,098</b>	<b>1,690</b>
Tax on profit	4	-712	-1,203	-1,472	-118	-431
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>2,699</b>	<b>3,593</b>	<b>4,904</b>	<b>980</b>	<b>1,259</b>
<b>DISCONTINUED OPERATIONS</b>						
Net profit/loss from discontinued operations		-	-7	-7	-	1
<b>NET PROFIT</b>		<b>2,699</b>	<b>3,586</b>	<b>4,897</b>	<b>980</b>	<b>1,260</b>
<b>ATTRIBUTABLE TO</b>						
Equity holders of the parent company		2,699	3,586	4,897	980	1,260
Earnings per share (SEK)	8	6.07	8.08	11.03	2.20	2.84
Earnings per share, after dilution (SEK)	8	6.04	8.04	10.98	2.19	2.82
<b>FROM CONTINUING OPERATIONS</b>						
Earnings per share (SEK)	8	6.07	8.10	11.05	2.20	2.84
Earnings per share, after dilution (SEK)	8	6.04	8.06	11.00	2.19	2.82

# Comprehensive income

SEK million	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2011 Q3
<b>Net profit</b>	<b>2,699</b>	<b>3,586</b>	<b>4,897</b>	<b>980</b>	<b>1,260</b>
OTHER COMPREHENSIVE INCOME					
<b>Components not to be reclassified to net profit:</b>					
Withholding taxes on dividends	–	–152	–153	–	9
Actuarial losses on defined benefit pension plans	–	–	–59	–	–
Actuarial losses on defined benefit pension plans, tax effect	–	–	15	–	–
<b>Total components not to be reclassified to net profit</b>	<b>–</b>	<b>–152</b>	<b>–197</b>	<b>–</b>	<b>9</b>
<b>Components to be reclassified to net profit:</b>					
Exchange rate differences	–584	354	–163	–487	–49
Exchange rate differences, tax effect	–891	500	17	–527	198
Reclassification to net profit of cumulative exchange rate differences from divested companies	16	4	11	–	–
Gain/loss on cash flow hedges	–28	–107	–133	–47	–107
Gain/loss on cash flow hedges, tax effect	7	28	35	12	28
<b>Total components to be reclassified to net profit</b>	<b>–1,480</b>	<b>779</b>	<b>–233</b>	<b>–1,049</b>	<b>70</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>–1,480</b>	<b>627</b>	<b>–430</b>	<b>–1,049</b>	<b>79</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,219</b>	<b>4,213</b>	<b>4,467</b>	<b>–69</b>	<b>1,339</b>
ATTRIBUTABLE TO					
Equity holders of the parent company	1,219	4,213	4,467	–69	1,339

# Change in shareholders' equity

SEK million	Note	Sep 30, 2012			Sep 30, 2011			Dec 31, 2011		
		Attributable to		Total share-holders' equity	Attributable to		Total share-holders' equity	Attributable to		Total share-holders' equity
		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests	
Shareholders' equity, January 1		21,449	3	21,452	28,872	3	28,875	28,872	3	28,875
Effect of restatement	11	–	–	–	–	–	–	–	–	–
Adjusted shareholders' equity, January 1		21,449	3	21,452	28,872	3	28,875	28,872	3	28,875
Costs for share rights	8	34	–	34	28	–	28	44	–	44
New share issues		–	–	–	11	–	11	13	–	13
Sale of own shares	8	6	–	6	42	–	42	46	–	46
Repurchase of own shares		–	–	–	–	–	–	–2	–	–2
Dividends	8	–5,781	–	–5,781	–11,991	–	–11,991	–11,991	–	–11,991
Comprehensive income for the period		1,219	–	1,219	4,213	–	4,213	4,467	–	4,467
<b>SHAREHOLDERS' EQUITY, END OF PERIOD</b>		<b>16,927</b>	<b>3</b>	<b>16,930</b>	<b>21,175</b>	<b>3</b>	<b>21,178</b>	<b>21,449</b>	<b>3</b>	<b>21,452</b>

# Balance sheet

SEK million	Note	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011	Dec 31, 2010 (see Note 11)
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Goodwill	2, 9	10,012	10,342	10,510	10,154
Other intangible assets	2, 9	4,941	3,784	5,131	3,223
<b>Intangible assets</b>		<b>14,953</b>	<b>14,126</b>	<b>15,641</b>	<b>13,377</b>
Tangible assets	2	18,112	17,719	18,422	17,442
Financial assets		92	85	163	73
Deferred tax assets	4	2,498	3,339	2,977	3,296
<b>NON-CURRENT ASSETS</b>		<b>35,655</b>	<b>35,269</b>	<b>37,203</b>	<b>34,188</b>
<b>CURRENT ASSETS</b>					
Materials and supplies		414	354	486	273
Current receivables		8,519	7,774	8,084	6,642
Short-term investments		54	59	65	112
Cash and cash equivalents	7	632	2,812	1,026	870
<b>CURRENT ASSETS</b>		<b>9,619</b>	<b>10,999</b>	<b>9,661</b>	<b>7,897</b>
<b>ASSETS</b>		<b>45,274</b>	<b>46,268</b>	<b>46,864</b>	<b>42,085</b>
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Attributable to equity holders of the parent company		16,927	21,175	21,449	28,872
Non-controlling interests		3	3	3	3
<b>SHAREHOLDERS' EQUITY</b>	8	<b>16,930</b>	<b>21,178</b>	<b>21,452</b>	<b>28,875</b>
<b>LONG-TERM LIABILITIES</b>					
Interest-bearing liabilities	10	12,132	13,359	12,968	1,908
Non-interest-bearing liabilities		1,717	966	1,114	851
<b>LONG-TERM LIABILITIES</b>		<b>13,849</b>	<b>14,325</b>	<b>14,082</b>	<b>2,759</b>
<b>SHORT-TERM LIABILITIES</b>					
Interest-bearing liabilities	10	4,560	1,699	1,696	2,516
Non-interest-bearing liabilities		9,935	9,066	9,634	7,935
<b>SHORT-TERM LIABILITIES</b>		<b>14,495</b>	<b>10,765</b>	<b>11,330</b>	<b>10,451</b>
<b>EQUITY AND LIABILITIES</b>		<b>45,274</b>	<b>46,268</b>	<b>46,864</b>	<b>42,085</b>

# Cash flow statement

SEK million	Note	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>OPERATING ACTIVITIES</b>										
Cash flow from operations, excluding paid taxes	2	7,777	8,252	10,895	2,712	2,548	2,517	2,643	2,902	2,686
Taxes paid		-492	-785	-948	-178	-112	-202	-163	-235	-325
Changes in working capital		-421	-205	-257	244	-246	-419	-52	59	-7
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>6,864</b>	<b>7,262</b>	<b>9,690</b>	<b>2,778</b>	<b>2,190</b>	<b>1,896</b>	<b>2,428</b>	<b>2,726</b>	<b>2,354</b>
<b>INVESTING ACTIVITIES</b>										
Capital expenditure in intangible and tangible assets, CAPEX	6	-3,323	-3,819	-5,572	-1,076	-1,417	-830	-1,753	-1,142	-1,661
<b>Cash flow after CAPEX</b>		<b>3,541</b>	<b>3,443</b>	<b>4,118</b>	<b>1,702</b>	<b>773</b>	<b>1,066</b>	<b>675</b>	<b>1,584</b>	<b>693</b>
Acquisition of shares and participations	9	-229	-36	-1,589	1	-6	-224	-1,553	1	-37
Sale of shares and participations	9	-1	15	8	-	-1	-	-7	36	-21
Other financial assets		30	18	18	2	2	26	-	14	1
<b>Cash flow from investing activities</b>		<b>-3,523</b>	<b>-3,822</b>	<b>-7,135</b>	<b>-1,073</b>	<b>-1,422</b>	<b>-1,028</b>	<b>-3,313</b>	<b>-1,091</b>	<b>-1,718</b>
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>		<b>3,341</b>	<b>3,440</b>	<b>2,555</b>	<b>1,705</b>	<b>768</b>	<b>868</b>	<b>-885</b>	<b>1,635</b>	<b>636</b>
<b>FINANCING ACTIVITIES</b>										
Change of loans, net	10	1,987	10,276	9,351	-2,256	5,594	-1,351	-925	-796	11,739
Dividends	8	-5,781	-11,991	-11,991	-	-5,781	-	-	-	-11,991
New share issues		-	11	13	-	-	-	2	-	-
Sale of own shares	8	6	42	46	-	2	4	4	-	20
Repurchase of own shares		-	-	-2	-	-	-	-2	-	-
Shareholders contribution from non-controlling interests		-	104	105	-	-	-	1	-	-2
<b>Cash flow from financing activities</b>		<b>-3,788</b>	<b>-1,558</b>	<b>-2,478</b>	<b>-2,256</b>	<b>-185</b>	<b>-1,347</b>	<b>-920</b>	<b>-796</b>	<b>-234</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-447</b>	<b>1,882</b>	<b>77</b>	<b>-551</b>	<b>583</b>	<b>-479</b>	<b>-1,805</b>	<b>839</b>	<b>402</b>
Cash and cash equivalents at beginning of period		1,026	870	870	1,147	546	1,026	2,812	1,978	1,504
Exchange rate differences in cash and cash equivalents		53	60	79	36	18	-1	19	-5	72
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	7	<b>632</b>	<b>2,812</b>	<b>1,026</b>	<b>632</b>	<b>1,147</b>	<b>546</b>	<b>1,026</b>	<b>2,812</b>	<b>1,978</b>

# Numbers of customers

by thousands	Note	Numbers of customers					Net intake					
		2012 Sep 30	2011 Sep 30	2012 Jan 1– Sep 30	2011 Jan 1– Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>Sweden</b>												
Mobile		3,795	3,749	71	142	117	34	58	-21	-25	95	39
Fixed broadband		486	472	12	-14	-12	3	4	5	2	-11	-7
Fixed telephony		454	571	-90	-80	-107	-27	-29	-34	-27	-26	-26
		<b>4,735</b>	<b>4,792</b>	<b>-7</b>	<b>48</b>	<b>-2</b>	<b>10</b>	<b>33</b>	<b>-50</b>	<b>-50</b>	<b>58</b>	<b>6</b>
<b>Norway</b>												
Mobile		1,121	512	55	15	3	16	23	16	-12	-1	8
Fixed telephony		84	94	-8	-9	-11	-2	-3	-3	-2	-3	-3
		<b>1,205</b>	<b>606</b>	<b>47</b>	<b>6</b>	<b>-8</b>	<b>14</b>	<b>20</b>	<b>13</b>	<b>-14</b>	<b>-4</b>	<b>5</b>
<b>Russia</b>												
Mobile	1	22,343	20,386	1,707	1,948	2,198	710	693	304	250	681	720
		<b>22,343</b>	<b>20,386</b>	<b>1,707</b>	<b>1,948</b>	<b>2,198</b>	<b>710</b>	<b>693</b>	<b>304</b>	<b>250</b>	<b>681</b>	<b>720</b>
<b>Estonia</b>												
Mobile		520	489	16	21	22	11	3	2	1	1	21
Fixed telephony		5	9	-3	-2	-3	-	-1	-2	-1	-1	-
		<b>525</b>	<b>498</b>	<b>13</b>	<b>19</b>	<b>19</b>	<b>11</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>
<b>Lithuania</b>												
Mobile		1,788	1,723	67	38	36	38	20	9	-2	22	34
Fixed telephony		-	2	-2	-	-	-2	-	-	-	-	-
		<b>1,788</b>	<b>1,725</b>	<b>65</b>	<b>38</b>	<b>36</b>	<b>36</b>	<b>20</b>	<b>9</b>	<b>-2</b>	<b>22</b>	<b>34</b>
<b>Latvia</b>												
Mobile		1,042	1,050	23	23	-8	21	11	-9	-31	14	20
		<b>1,042</b>	<b>1,050</b>	<b>23</b>	<b>23</b>	<b>-8</b>	<b>21</b>	<b>11</b>	<b>-9</b>	<b>-31</b>	<b>14</b>	<b>20</b>
<b>Croatia</b>												
Mobile	1	798	827	88	89	-28	33	43	12	-117	45	27
		<b>798</b>	<b>827</b>	<b>88</b>	<b>89</b>	<b>-28</b>	<b>33</b>	<b>43</b>	<b>12</b>	<b>-117</b>	<b>45</b>	<b>27</b>
<b>Kazakhstan</b>												
Mobile		3,051	1,122	1,680	790	1,039	589	759	332	249	459	355
		<b>3,051</b>	<b>1,122</b>	<b>1,680</b>	<b>790</b>	<b>1,039</b>	<b>589</b>	<b>759</b>	<b>332</b>	<b>249</b>	<b>459</b>	<b>355</b>
<b>Netherlands</b>												
Mobile		423	325	96	-13	-11	51	32	13	2	-5	-4
Fixed broadband		438	487	-37	-23	-35	-13	-6	-18	-12	-16	-4
Fixed telephony		149	193	-33	-40	-51	-8	-12	-13	-11	-15	-13
		<b>1,010</b>	<b>1,005</b>	<b>26</b>	<b>-76</b>	<b>-97</b>	<b>30</b>	<b>14</b>	<b>-18</b>	<b>-21</b>	<b>-36</b>	<b>-21</b>
<b>Germany</b>												
Mobile		97	14	52	14	45	14	17	21	31	14	-
Fixed broadband		85	105	-15	-11	-16	-5	-3	-7	-5	-5	-2
Fixed telephony		667	1,009	-168	-173	-347	-54	-87	-27	-174	-16	-101
		<b>849</b>	<b>1,128</b>	<b>-131</b>	<b>-170</b>	<b>-318</b>	<b>-45</b>	<b>-73</b>	<b>-13</b>	<b>-148</b>	<b>-7</b>	<b>-103</b>
<b>Austria</b>												
Fixed broadband		129	125	-5	-5	-7	-1	-2	-2	-2	-2	-2
Fixed telephony		196	242	-35	-43	-54	-7	-9	-19	-11	-14	-10
		<b>325</b>	<b>367</b>	<b>-40</b>	<b>-48</b>	<b>-61</b>	<b>-8</b>	<b>-11</b>	<b>-21</b>	<b>-13</b>	<b>-16</b>	<b>-12</b>
<b>TOTAL</b>												
Mobile		<b>34,978</b>	<b>30,197</b>	<b>3,855</b>	<b>3,067</b>	<b>3,413</b>	<b>1,517</b>	<b>1,659</b>	<b>679</b>	<b>346</b>	<b>1,325</b>	<b>1,220</b>
Fixed broadband		<b>1,138</b>	<b>1,189</b>	<b>-45</b>	<b>-53</b>	<b>-70</b>	<b>-16</b>	<b>-7</b>	<b>-22</b>	<b>-17</b>	<b>-34</b>	<b>-15</b>
Fixed telephony		<b>1,555</b>	<b>2,120</b>	<b>-339</b>	<b>-347</b>	<b>-573</b>	<b>-100</b>	<b>-141</b>	<b>-98</b>	<b>-226</b>	<b>-75</b>	<b>-153</b>
<b>TOTAL NET INTAKE</b>		<b>37,671</b>	<b>33,506</b>	<b>3,471</b>	<b>2,667</b>	<b>2,770</b>	<b>1,401</b>	<b>1,511</b>	<b>559</b>	<b>103</b>	<b>1,216</b>	<b>1,052</b>
Acquired companies	9			14	-	577	-	-	14	577	-	-
Divested companies				-	-44	-44	-	-	-	-	-	-
<b>TOTAL NUMBERS OF CUSTOMERS</b>		<b>37,671</b>	<b>33,506</b>	<b>3,485</b>	<b>2,623</b>	<b>3,303</b>	<b>1,401</b>	<b>1,511</b>	<b>573</b>	<b>680</b>	<b>1,216</b>	<b>1,052</b>

# Net sales

SEK million	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>Sweden</b>									
Mobile	7,417	7,091	9,533	2,522	2,516	2,379	2,442	2,434	2,370
Fixed broadband	1,089	1,154	1,530	359	365	365	376	377	395
Fixed telephony	880	1,085	1,408	281	295	304	323	342	364
Other operations	86	93	110	27	33	26	17	33	38
	<b>9,472</b>	<b>9,423</b>	<b>12,581</b>	<b>3,189</b>	<b>3,209</b>	<b>3,074</b>	<b>3,158</b>	<b>3,186</b>	<b>3,167</b>
<b>Norway</b>									
Mobile	3,314	1,853	2,981	1,117	1,137	1,060	1,128	639	617
Fixed broadband	4	5	6	1	2	1	1	2	1
Fixed telephony	240	275	365	75	81	84	90	91	92
Other operations	–	–	9	–	–	–	9	–	–
	<b>3,558</b>	<b>2,133</b>	<b>3,361</b>	<b>1,193</b>	<b>1,220</b>	<b>1,145</b>	<b>1,228</b>	<b>732</b>	<b>710</b>
<b>Russia</b>									
Mobile	9,582	8,475	11,463	3,257	3,277	3,048	2,988	3,015	2,862
	<b>9,582</b>	<b>8,475</b>	<b>11,463</b>	<b>3,257</b>	<b>3,277</b>	<b>3,048</b>	<b>2,988</b>	<b>3,015</b>	<b>2,862</b>
<b>Estonia</b>									
Mobile	614	615	834	207	211	196	219	220	207
Fixed telephony	5	4	5	1	2	2	1	1	2
Other operations	39	28	28	17	12	10	–	7	10
	<b>658</b>	<b>647</b>	<b>867</b>	<b>225</b>	<b>225</b>	<b>208</b>	<b>220</b>	<b>228</b>	<b>219</b>
<b>Lithuania</b>									
Mobile	907	924	1,261	306	310	291	337	336	305
Fixed broadband	–	2	2	–	–	–	–	–	–
	<b>907</b>	<b>926</b>	<b>1,263</b>	<b>306</b>	<b>310</b>	<b>291</b>	<b>337</b>	<b>336</b>	<b>305</b>
<b>Latvia</b>									
Mobile	763	829	1,103	265	258	240	274	291	276
	<b>763</b>	<b>829</b>	<b>1,103</b>	<b>265</b>	<b>258</b>	<b>240</b>	<b>274</b>	<b>291</b>	<b>276</b>
<b>Croatia</b>									
Mobile	961	982	1,301	357	337	267	319	382	323
	<b>961</b>	<b>982</b>	<b>1,301</b>	<b>357</b>	<b>337</b>	<b>267</b>	<b>319</b>	<b>382</b>	<b>323</b>
<b>Kazakhstan</b>									
Mobile	663	185	346	270	228	165	161	115	41
	<b>663</b>	<b>185</b>	<b>346</b>	<b>270</b>	<b>228</b>	<b>165</b>	<b>161</b>	<b>115</b>	<b>41</b>
<b>Netherlands</b>									
Mobile	632	629	844	234	213	185	215	201	213
Fixed broadband	2,312	2,547	3,388	709	790	813	841	851	848
Fixed telephony	504	631	823	151	173	180	192	197	214
Other operations	491	564	771	150	169	172	207	181	189
	<b>3,939</b>	<b>4,371</b>	<b>5,826</b>	<b>1,244</b>	<b>1,345</b>	<b>1,350</b>	<b>1,455</b>	<b>1,430</b>	<b>1,464</b>
<b>Germany</b>									
Mobile	132	5	26	52	44	36	21	5	–
Fixed broadband	157	193	254	48	53	56	61	63	64
Fixed telephony	432	612	802	123	147	162	190	198	201
Other operations	–	14	14	–	–	–	–	–1	3
	<b>721</b>	<b>824</b>	<b>1,096</b>	<b>223</b>	<b>244</b>	<b>254</b>	<b>272</b>	<b>265</b>	<b>268</b>
<b>Austria</b>									
Fixed broadband	658	629	842	209	222	227	213	210	209
Fixed telephony	173	224	294	52	58	63	70	72	74
Other operations	188	181	241	61	63	64	60	64	61
	<b>1,019</b>	<b>1,034</b>	<b>1,377</b>	<b>322</b>	<b>343</b>	<b>354</b>	<b>343</b>	<b>346</b>	<b>344</b>
<b>Other</b>									
Other operations	256	508	662	70	85	101	154	157	166
	<b>256</b>	<b>508</b>	<b>662</b>	<b>70</b>	<b>85</b>	<b>101</b>	<b>154</b>	<b>157</b>	<b>166</b>
<b>TOTAL</b>									
<b>Mobile</b>	<b>24,985</b>	<b>21,588</b>	<b>29,692</b>	<b>8,587</b>	<b>8,531</b>	<b>7,867</b>	<b>8,104</b>	<b>7,638</b>	<b>7,214</b>
<b>Fixed broadband</b>	<b>4,220</b>	<b>4,530</b>	<b>6,022</b>	<b>1,326</b>	<b>1,432</b>	<b>1,462</b>	<b>1,492</b>	<b>1,503</b>	<b>1,517</b>
<b>Fixed telephony</b>	<b>2,234</b>	<b>2,831</b>	<b>3,697</b>	<b>683</b>	<b>756</b>	<b>795</b>	<b>866</b>	<b>901</b>	<b>947</b>
<b>Other operations</b>	<b>1,060</b>	<b>1,388</b>	<b>1,835</b>	<b>325</b>	<b>362</b>	<b>373</b>	<b>447</b>	<b>441</b>	<b>467</b>
	32,499	30,337	41,246	10,921	11,081	10,497	10,909	10,483	10,145
Internal sales, elimination	–48	–188	–245	–15	–17	–16	–57	–54	–67
<b>TOTAL</b>	<b>32,451</b>	<b>30,149</b>	<b>41,001</b>	<b>10,906</b>	<b>11,064</b>	<b>10,481</b>	<b>10,852</b>	<b>10,429</b>	<b>10,078</b>



# Internal sales

SEK million	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>Sweden</b>									
Mobile	3	4	6	–	–	3	2	–	3
	<b>3</b>	<b>4</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>2</b>	<b>–</b>	<b>3</b>
<b>Norway</b>									
Fixed telephony	31	30	42	9	12	10	12	11	10
	<b>31</b>	<b>30</b>	<b>42</b>	<b>9</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>11</b>	<b>10</b>
<b>Estonia</b>									
Other operations	–	28	28	–	–	–	–	7	10
	<b>–</b>	<b>28</b>	<b>28</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>10</b>
<b>Lithuania</b>									
Mobile	6	8	9	3	2	1	1	3	2
	<b>6</b>	<b>8</b>	<b>9</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>
<b>Latvia</b>									
Mobile	6	8	9	2	2	2	1	3	3
	<b>6</b>	<b>8</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>
<b>Netherlands</b>									
Other operations	2	3	3	1	1	–	–	–	2
	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>
<b>Other</b>									
Other operations	–	107	148	–	–	–	41	30	37
	<b>–</b>	<b>107</b>	<b>148</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>41</b>	<b>30</b>	<b>37</b>
<b>TOTAL</b>									
Mobile	15	20	24	5	4	6	4	6	8
Fixed telephony	31	30	42	9	12	10	12	11	10
Other operations	2	138	179	1	1	–	41	37	49
<b>TOTAL</b>	<b>48</b>	<b>188</b>	<b>245</b>	<b>15</b>	<b>17</b>	<b>16</b>	<b>57</b>	<b>54</b>	<b>67</b>

# EBITDA

SEK million	Note	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>Sweden</b>										
Mobile	2	2,121	2,362	3,160	828	637	656	798	799	819
Fixed broadband	2	79	97	111	35	12	32	14	43	43
Fixed telephony	2	255	259	348	89	90	76	89	80	96
Other operations		51	36	46	14	27	10	10	15	19
		<b>2,506</b>	<b>2,754</b>	<b>3,665</b>	<b>966</b>	<b>766</b>	<b>774</b>	<b>911</b>	<b>937</b>	<b>977</b>
<b>Norway</b>										
Mobile	2	197	20	-47	101	81	15	-67	-20	19
Fixed broadband		1	2	3	-	1	-	1	2	-
Fixed telephony		32	52	67	11	11	10	15	16	18
Other operations		-	-	-3	-	-	-	-3	-	-
		<b>230</b>	<b>74</b>	<b>20</b>	<b>112</b>	<b>93</b>	<b>25</b>	<b>-54</b>	<b>-2</b>	<b>37</b>
<b>Russia</b>										
Mobile		3,501	3,271	4,480	1,239	1,199	1,063	1,209	1,214	1,115
		<b>3,501</b>	<b>3,271</b>	<b>4,480</b>	<b>1,239</b>	<b>1,199</b>	<b>1,063</b>	<b>1,209</b>	<b>1,214</b>	<b>1,115</b>
<b>Estonia</b>										
Mobile		160	176	234	51	55	54	58	68	57
Other operations		22	-	-	9	10	3	-	-	-
		<b>182</b>	<b>176</b>	<b>234</b>	<b>60</b>	<b>65</b>	<b>57</b>	<b>58</b>	<b>68</b>	<b>57</b>
<b>Lithuania</b>										
Mobile		345	328	451	106	118	121	123	123	92
		<b>345</b>	<b>328</b>	<b>451</b>	<b>106</b>	<b>118</b>	<b>121</b>	<b>123</b>	<b>123</b>	<b>92</b>
<b>Latvia</b>										
Mobile		269	286	380	90	91	88	94	98	103
		<b>269</b>	<b>286</b>	<b>380</b>	<b>90</b>	<b>91</b>	<b>88</b>	<b>94</b>	<b>98</b>	<b>103</b>
<b>Croatia</b>										
Mobile		51	54	78	34	10	7	24	43	10
		<b>51</b>	<b>54</b>	<b>78</b>	<b>34</b>	<b>10</b>	<b>7</b>	<b>24</b>	<b>43</b>	<b>10</b>
<b>Kazakhstan</b>										
Mobile		-304	-291	-401	-102	-105	-97	-110	-101	-119
		<b>-304</b>	<b>-291</b>	<b>-401</b>	<b>-102</b>	<b>-105</b>	<b>-97</b>	<b>-110</b>	<b>-101</b>	<b>-119</b>
<b>Netherlands</b>										
Mobile	2	-6	94	115	5	-11	-	21	37	36
Fixed broadband	2	786	826	1,131	248	265	273	305	295	270
Fixed telephony	2	177	172	229	60	59	58	57	55	56
Other operations	2	231	213	331	73	80	78	118	78	62
		<b>1,188</b>	<b>1,305</b>	<b>1,806</b>	<b>386</b>	<b>393</b>	<b>409</b>	<b>501</b>	<b>465</b>	<b>424</b>
<b>Germany</b>										
Mobile		21	-19	-10	2	7	12	9	-12	-7
Fixed broadband		21	32	45	5	8	8	13	12	7
Fixed telephony		195	235	317	59	65	71	82	86	78
		<b>237</b>	<b>248</b>	<b>352</b>	<b>66</b>	<b>80</b>	<b>91</b>	<b>104</b>	<b>86</b>	<b>78</b>
<b>Austria</b>										
Fixed broadband		149	131	185	58	43	48	54	43	41
Fixed telephony		95	96	129	31	32	32	33	33	31
Other operations		11	6	11	6	3	2	5	4	-
		<b>255</b>	<b>233</b>	<b>325</b>	<b>95</b>	<b>78</b>	<b>82</b>	<b>92</b>	<b>80</b>	<b>72</b>
<b>Other</b>										
Other operations		-172	-99	-178	-50	-73	-49	-79	-25	-37
		<b>-172</b>	<b>-99</b>	<b>-178</b>	<b>-50</b>	<b>-73</b>	<b>-49</b>	<b>-79</b>	<b>-25</b>	<b>-37</b>
<b>TOTAL</b>										
Mobile		6,355	6,281	8,440	2,354	2,082	1,919	2,159	2,249	2,125
Fixed broadband		1,036	1,088	1,475	346	329	361	387	395	361
Fixed telephony		754	814	1,090	250	257	247	276	270	279
Other operations		143	156	207	52	47	44	51	72	44
<b>TOTAL</b>		<b>8,288</b>	<b>8,339</b>	<b>11,212</b>	<b>3,002</b>	<b>2,715</b>	<b>2,571</b>	<b>2,873</b>	<b>2,986</b>	<b>2,809</b>

# EBIT

SEK million	Note	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>Sweden</b>										
Mobile	2	1,268	1,543	2,050	596	320	352	507	521	541
Fixed broadband	2	-153	-149	-239	-43	-67	-43	-90	-36	-51
Fixed telephony	2	225	223	301	79	80	66	78	67	84
Other operations		18	7	8	3	15	-	1	4	10
		<b>1,358</b>	<b>1,624</b>	<b>2,120</b>	<b>635</b>	<b>348</b>	<b>375</b>	<b>496</b>	<b>556</b>	<b>584</b>
<b>Norway</b>										
Mobile	2	-116	-20	-147	-2	-25	-89	-127	-34	6
Fixed broadband		1	2	3	-	1	-	1	2	-
Fixed telephony		29	49	62	10	10	9	13	16	15
Other operations		-	-	-3	-	-	-	-3	-	-
		<b>-86</b>	<b>31</b>	<b>-85</b>	<b>8</b>	<b>-14</b>	<b>-80</b>	<b>-116</b>	<b>-16</b>	<b>21</b>
<b>Russia</b>										
Mobile		2,724	2,618	3,584	976	917	831	966	994	894
		<b>2,724</b>	<b>2,618</b>	<b>3,584</b>	<b>976</b>	<b>917</b>	<b>831</b>	<b>966</b>	<b>994</b>	<b>894</b>
<b>Estonia</b>										
Mobile	2	62	126	166	18	21	23	40	49	41
Other operations		14	-	-	6	6	2	-	-	-
		<b>76</b>	<b>126</b>	<b>166</b>	<b>24</b>	<b>27</b>	<b>25</b>	<b>40</b>	<b>49</b>	<b>41</b>
<b>Lithuania</b>										
Mobile	2	217	265	366	63	76	78	101	102	71
		<b>217</b>	<b>265</b>	<b>366</b>	<b>63</b>	<b>76</b>	<b>78</b>	<b>101</b>	<b>102</b>	<b>71</b>
<b>Latvia</b>										
Mobile	2	97	224	286	35	30	32	62	77	82
		<b>97</b>	<b>224</b>	<b>286</b>	<b>35</b>	<b>30</b>	<b>32</b>	<b>62</b>	<b>77</b>	<b>82</b>
<b>Croatia</b>										
Mobile		-45	-35	-42	-	-22	-23	-7	12	-20
		<b>-45</b>	<b>-35</b>	<b>-42</b>	<b>-</b>	<b>-22</b>	<b>-23</b>	<b>-7</b>	<b>12</b>	<b>-20</b>
<b>Kazakhstan</b>										
Mobile	2	-556	-481	-720	-190	-189	-177	-239	-168	-181
		<b>-556</b>	<b>-481</b>	<b>-720</b>	<b>-190</b>	<b>-189</b>	<b>-177</b>	<b>-239</b>	<b>-168</b>	<b>-181</b>
<b>Netherlands</b>										
Mobile	2	-28	82	97	-2	-15	-11	15	32	32
Fixed broadband	2	412	450	630	130	133	149	180	170	147
Fixed telephony	2	164	132	173	56	55	53	41	41	43
Other operations	2	177	138	228	56	61	60	90	55	37
		<b>725</b>	<b>802</b>	<b>1,128</b>	<b>240</b>	<b>234</b>	<b>251</b>	<b>326</b>	<b>298</b>	<b>259</b>
<b>Germany</b>										
Mobile		9	-19	-15	-1	2	8	4	-12	-7
Fixed broadband		12	23	35	3	5	4	12	9	4
Fixed telephony		186	204	282	55	63	68	78	76	68
		<b>207</b>	<b>208</b>	<b>302</b>	<b>57</b>	<b>70</b>	<b>80</b>	<b>94</b>	<b>73</b>	<b>65</b>
<b>Austria</b>										
Fixed broadband		82	71	106	39	20	23	35	25	20
Fixed telephony		69	68	93	21	25	23	25	23	23
Other operations		-5	-13	-14	-	-2	-3	-1	-2	-6
		<b>146</b>	<b>126</b>	<b>185</b>	<b>60</b>	<b>43</b>	<b>43</b>	<b>59</b>	<b>46</b>	<b>37</b>
<b>Other</b>										
Other operations		-179	-143	-236	-53	-73	-53	-93	-26	-59
		<b>-179</b>	<b>-143</b>	<b>-236</b>	<b>-53</b>	<b>-73</b>	<b>-53</b>	<b>-93</b>	<b>-26</b>	<b>-59</b>
<b>TOTAL</b>										
<b>Mobile</b>		<b>3,632</b>	<b>4,303</b>	<b>5,625</b>	<b>1,493</b>	<b>1,115</b>	<b>1,024</b>	<b>1,322</b>	<b>1,573</b>	<b>1,459</b>
<b>Fixed broadband</b>		<b>354</b>	<b>397</b>	<b>535</b>	<b>129</b>	<b>92</b>	<b>133</b>	<b>138</b>	<b>170</b>	<b>120</b>
<b>Fixed telephony</b>		<b>673</b>	<b>676</b>	<b>911</b>	<b>221</b>	<b>233</b>	<b>219</b>	<b>235</b>	<b>223</b>	<b>233</b>
<b>Other operations</b>		<b>25</b>	<b>-11</b>	<b>-17</b>	<b>12</b>	<b>7</b>	<b>6</b>	<b>-6</b>	<b>31</b>	<b>-18</b>
		<b>4,684</b>	<b>5,365</b>	<b>7,054</b>	<b>1,855</b>	<b>1,447</b>	<b>1,382</b>	<b>1,689</b>	<b>1,997</b>	<b>1,794</b>
One-off items		-555	22	-4	-538	-18	1	-26	-20	-57
<b>TOTAL</b>		<b>4,129</b>	<b>5,387</b>	<b>7,050</b>	<b>1,317</b>	<b>1,429</b>	<b>1,383</b>	<b>1,663</b>	<b>1,977</b>	<b>1,737</b>

# EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>EBITDA</b>		<b>8,288</b>	<b>8,339</b>	<b>11,212</b>	<b>3,002</b>	<b>2,715</b>	<b>2,571</b>	<b>2,873</b>	<b>2,986</b>	<b>2,809</b>
Impairment of goodwill and other assets	2	-250	-	-	-250	-	-	-	-	-
Sale of operations		-15	-42	-43	-	-16	1	-1	-2	-2
Acquisition costs	9	-2	-21	-46	-	-2	-	-25	-18	-1
Other one-off items	2, 3	-288	85	85	-288	-	-	-	-	-54
<b>Total one-off items</b>		<b>-555</b>	<b>22</b>	<b>-4</b>	<b>-538</b>	<b>-18</b>	<b>1</b>	<b>-26</b>	<b>-20</b>	<b>-57</b>
Depreciation/amortization and other impairment		-3,601	-2,975	-4,159	-1,143	-1,270	-1,188	-1,184	-989	-1,016
Result from shares in associated companies		-3	1	1	-4	2	-1	-	-	1
<b>EBIT</b>		<b>4,129</b>	<b>5,387</b>	<b>7,050</b>	<b>1,317</b>	<b>1,429</b>	<b>1,383</b>	<b>1,663</b>	<b>1,977</b>	<b>1,737</b>

# CAPEX

SEK million	Note	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>Sweden</b>										
Mobile		636	692	1,096	177	236	223	404	116	178
Fixed broadband		160	178	245	44	87	29	67	43	67
Fixed telephony		4	2	2	1	1	2	–	2	–
Other operations		24	17	24	4	14	6	7	6	–1
		<b>824</b>	<b>889</b>	<b>1,367</b>	<b>226</b>	<b>338</b>	<b>260</b>	<b>478</b>	<b>167</b>	<b>244</b>
<b>Norway</b>										
Mobile		407	143	282	132	176	99	139	41	67
Fixed telephony		8	4	6	1	5	2	2	1	1
		<b>415</b>	<b>147</b>	<b>288</b>	<b>133</b>	<b>181</b>	<b>101</b>	<b>141</b>	<b>42</b>	<b>68</b>
<b>Russia</b>										
Mobile		1,219	1,435	2,010	361	577	281	575	662	511
		<b>1,219</b>	<b>1,435</b>	<b>2,010</b>	<b>361</b>	<b>577</b>	<b>281</b>	<b>575</b>	<b>662</b>	<b>511</b>
<b>Estonia</b>										
Mobile		40	66	83	5	22	13	17	21	18
Other operations		3	–	–	1	2	–	–	–	–
		<b>43</b>	<b>66</b>	<b>83</b>	<b>6</b>	<b>24</b>	<b>13</b>	<b>17</b>	<b>21</b>	<b>18</b>
<b>Lithuania</b>										
Mobile		62	75	114	22	24	16	39	31	24
		<b>62</b>	<b>75</b>	<b>114</b>	<b>22</b>	<b>24</b>	<b>16</b>	<b>39</b>	<b>31</b>	<b>24</b>
<b>Latvia</b>										
Mobile		44	71	91	12	14	18	20	20	21
		<b>44</b>	<b>71</b>	<b>91</b>	<b>12</b>	<b>14</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>21</b>
<b>Croatia</b>										
Mobile		28	83	102	17	6	5	19	24	28
		<b>28</b>	<b>83</b>	<b>102</b>	<b>17</b>	<b>6</b>	<b>5</b>	<b>19</b>	<b>24</b>	<b>28</b>
<b>Kazakhstan</b>										
Mobile	6	516	640	902	238	158	120	262	52	463
		<b>516</b>	<b>640</b>	<b>902</b>	<b>238</b>	<b>158</b>	<b>120</b>	<b>262</b>	<b>52</b>	<b>463</b>
<b>Netherlands</b>										
Mobile		10	5	9	5	3	2	4	2	1
Fixed broadband		263	268	360	76	105	82	92	90	89
Fixed telephony		4	28	41	2	–	2	13	9	9
Other operations		18	33	44	6	6	6	11	9	11
		<b>295</b>	<b>334</b>	<b>454</b>	<b>89</b>	<b>114</b>	<b>92</b>	<b>120</b>	<b>110</b>	<b>110</b>
<b>Germany</b>										
Mobile		17	29	38	2	6	9	9	20	9
Fixed broadband		1	1	1	–	1	–	–	–	1
Fixed telephony		1	–	–	–	–	1	–	–	–
		<b>19</b>	<b>30</b>	<b>39</b>	<b>2</b>	<b>7</b>	<b>10</b>	<b>9</b>	<b>20</b>	<b>10</b>
<b>Austria</b>										
Fixed broadband		25	19	37	10	8	7	18	8	5
Fixed telephony		14	13	21	6	5	3	8	5	3
Other operations		8	7	13	4	2	2	6	3	2
		<b>47</b>	<b>39</b>	<b>71</b>	<b>20</b>	<b>15</b>	<b>12</b>	<b>32</b>	<b>16</b>	<b>10</b>
<b>Other</b>										
Other operations		346	446	584	103	128	115	138	126	144
		<b>346</b>	<b>446</b>	<b>584</b>	<b>103</b>	<b>128</b>	<b>115</b>	<b>138</b>	<b>126</b>	<b>144</b>
<b>TOTAL</b>										
Mobile		<b>2,979</b>	<b>3,239</b>	<b>4,727</b>	<b>971</b>	<b>1,222</b>	<b>786</b>	<b>1,488</b>	<b>989</b>	<b>1,320</b>
Fixed broadband		<b>449</b>	<b>466</b>	<b>643</b>	<b>130</b>	<b>201</b>	<b>118</b>	<b>177</b>	<b>141</b>	<b>162</b>
Fixed telephony		<b>31</b>	<b>47</b>	<b>70</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>23</b>	<b>17</b>	<b>13</b>
Other operations		<b>399</b>	<b>503</b>	<b>665</b>	<b>118</b>	<b>152</b>	<b>129</b>	<b>162</b>	<b>144</b>	<b>156</b>
<b>TOTAL</b>		<b>3,858</b>	<b>4,255</b>	<b>6,105</b>	<b>1,229</b>	<b>1,586</b>	<b>1,043</b>	<b>1,850</b>	<b>1,291</b>	<b>1,651</b>

# CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION								
	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011 Full year	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
<b>CAPEX, according to balance sheet</b>	<b>-3,858</b>	<b>-4,255</b>	<b>-6,105</b>	<b>-1,229</b>	<b>-1,586</b>	<b>-1,043</b>	<b>-1,850</b>	<b>-1,291</b>	<b>-1,651</b>
This year's unpaid CAPEX and paid CAPEX from previous year	345	196	294	-3	155	193	98	74	-170
Received payment of sold fixed assets	190	240	239	156	14	20	-1	75	160
<b>Paid CAPEX, according to cash flow statement</b>	<b>-3,323</b>	<b>-3,819</b>	<b>-5,572</b>	<b>-1,076</b>	<b>-1,417</b>	<b>-830</b>	<b>-1,753</b>	<b>-1,142</b>	<b>-1,661</b>

# Key ratios

SEK million	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30	2011	2010	2009	2008
<b>CONTINUING OPERATIONS</b>						
Net sales	32,451	30,149	41,001	40,585	39,836	38,630
Numbers of customers (by thousands)	37,671	33,506	34,186	30,883	26,579	24,018
EBITDA	8,288	8,339	11,212	10,643	9,621	8,452
EBIT	4,129	5,387	7,050	7,022	5,781	3,026
EBT	3,411	4,796	6,376	6,639	5,236	1,893
Net profit	2,699	3,593	4,904	6,481	4,755	1,758
<b>Key ratios</b>						
EBITDA margin, %	25.5	27.7	27.3	26.6	24.2	21.8
EBIT margin, %	12.7	17.9	17.2	17.3	14.5	7.8
<b>Value per share (SEK)</b>						
Earnings	6.07	8.10	11.05	14.69	10.72	3.91
Earnings after dilution	6.04	8.06	11.00	14.63	10.70	3.91
<b>TOTAL</b>						
Shareholders' equity	16,930	21,178	21,452	28,875	28,823	28,405
Shareholders' equity after dilution	16,930	21,182	21,455	28,894	28,823	28,415
Total assets	45,274	46,268	46,864	42,085	43,005	49,697
Cash flow from operating activities	6,864	7,262	9,690	9,966	9,427	8,088
Cash flow after CAPEX	3,541	3,443	4,118	6,008	4,635	3,037
Available liquidity	11,855	10,037	9,986	13,254	12,520	17,248
Net debt	15,988	12,163	13,518	3,417	4,013	7,012
Investments in intangible and tangible assets, CAPEX	3,858	4,255	6,105	4,095	4,891	5,066
Investments in shares, short-term investments etc	200	3	1,563	1,424	-3,709	-2,342
<b>Key ratios</b>						
Equity/assets ratio, %	37	46	46	69	67	57
Debt/equity ratio, multiple	0.94	0.57	0.63	0.12	0.14	0.25
Return on shareholders' equity, %	18.8	19.1	19.5	24.0	16.4	8.9
Return on shareholders' equity after dilution, %	18.8	19.1	19.5	24.0	16.4	8.9
Return on capital employed, %	15.9	20.7	20.4	22.2	16.7	12.8
Average interest rate, %	6.9	6.8	6.2	7.3	5.9	6.2
<b>Value per share (SEK)</b>						
Earnings	6.07	8.08	11.03	15.70	10.61	5.53
Earnings after dilution	6.04	8.04	10.98	15.64	10.59	5.53
Shareholders' equity	38.09	47.72	48.33	65.44	65.31	63.93
Shareholders' equity after dilution	37.87	47.50	48.09	65.23	65.18	63.90
Cash flow from operating activities	15.44	16.36	21.83	22.59	21.41	18.23
Dividend, ordinary			6.50	6.00	3.85	3.50
Extraordinary dividend			6.50	21.00	2.00	1.50
Market price at closing day	119.20	126.20	133.90	139.60	110.20	69.00

# Parent company

## INCOME STATEMENT

SEK million	2012 Jan 1–Sep 30	2011 Jan 1–Sep 30
Net sales	36	40
Administrative expenses	-96	-79
<b>Operating loss, EBIT</b>	<b>-60</b>	<b>-39</b>
Exchange rate difference on financial items	54	-1
Net interest expenses and other financial items	-71	41
<b>Profit/loss after financial items, EBT</b>	<b>-77</b>	<b>1</b>
Tax on profit/loss	20	-2
<b>NET LOSS</b>	<b>-57</b>	<b>-1</b>

## BALANCE SHEET

SEK million	Note	Sep 30, 2012	Dec 31, 2011
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Financial assets		31,925	33,908
<b>FIXED ASSETS</b>		<b>31,925</b>	<b>33,908</b>
<b>CURRENT ASSETS</b>			
Current receivables		10	4,512
Cash and cash equivalents		3	3
<b>CURRENT ASSETS</b>		<b>13</b>	<b>4,515</b>
<b>ASSETS</b>		<b>31,938</b>	<b>38,423</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Restricted equity	8	5,546	17,546
Unrestricted equity	8	18,575	12,428
<b>SHAREHOLDERS' EQUITY</b>		<b>24,121</b>	<b>29,974</b>
<b>LONG-TERM LIABILITIES</b>			
Interest-bearing liabilities	10	4,863	8,221
<b>LONG-TERM LIABILITIES</b>		<b>4,863</b>	<b>8,221</b>
<b>SHORT-TERM LIABILITIES</b>			
Interest-bearing liabilities	10	2,864	172
Non-interest-bearing liabilities		90	56
<b>SHORT-TERM LIABILITIES</b>		<b>2,954</b>	<b>228</b>
<b>EQUITY AND LIABILITIES</b>		<b>31,938</b>	<b>38,423</b>



# Notes

## ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report for the group was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and the interim report for the parent company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for legal entities and its statements.

## New and amended IFRS standards and IFRIC interpretations

The amended IFRS standards and IFRIC interpretations, which became effective January 1, 2012, have had no material effect on the consolidated financial statements.

On January 1, 2012 Tele2 changed the accounting principles for joint ventures from the equity method to proportionate consolidation, with retrospective application. The effects on the financial statements are stated in Note 11.

From January 1, 2012 internal sales within segments (countries) are not reported in net sales and internal sales for the respective segment. The comparable periods are restated. The effects on the financial statements are stated in Note 12.

In all other respects, Tele2 has presented its interim report in accordance with the accounting principles and calculation methods used in the 2011 Annual Report. The description of these principles and definitions is to be found in the 2011 Annual Report.

## NOTE 1 CUSTOMERS

In Q4 2011, numbers of customers in Russia and Croatia decreased by 96 000 and 60 000 customers respectively, as a one-time adjustment, due to changes in IT systems.

## NOTE 2 OPERATING EXPENSES

### EBITDA

In Q2 2012, Sweden was negatively affected by SEK 25 million due to a new method for calculation of bad debt reserves, of which SEK 20 million related to mobile, SEK 3 million to fixed broadband and SEK 2 million to fixed telephony.

In Q3 and Q4 2011, the mobile operation in Norway was negatively affected by SEK 7 and 53 million respectively, due to restructuring costs in connection with the acquisition of Network Norway.

In Q3 2011, Sweden was negatively affected by SEK 45 million due to restructuring costs, of which SEK 34 million related to mobile, SEK 6 million to fixed broadband and SEK 5 million to fixed telephony.

In Q2 2011, Netherlands was negatively affected by SEK 48 million due to restructuring costs related to the acquisition of BBned in 2010.

## DEPRECIATION AND ONE-OFF ITEMS

In Q3 2012, an impairment loss was recognized in Croatia amounting to SEK 250 million, of which goodwill SEK 88 million and other fixed assets SEK 162 million. The impairment loss was based on the estimated value in use. Tele2 expects growth and profitability in Croatia going forward. However, due to unsatisfactory development during 2011-2012, Tele2 assesses that the estimated future profit levels do not support the previous book value. The negative effect has been reported as one-off items.

Tele2 has been a party to arbitration proceedings in Stockholm regarding a share option agreement, which previously was reported as a contingent liability at an amount of SEK 265 million. The arbitral tribunal issued its award during the third quarter and the tribunal did not rule in favour of Tele2. Tele2 has paid the counterparty in accordance with the award and the operating profit for Q3 2012 was negatively affected by SEK 288 million. The negative effect has been reported as a one-off item.

During 2012 and 2013, the Baltic countries will upgrade/replace their existing networks. To reflect a shorter remaining useful life of related equipment accelerated depreciations of approximately SEK 69 million are reported in each quarter from Q1 2012 onwards, of which SEK 13 million in Estonia, 22 million in Lithuania and 34 million in Latvia.

In Q4 2011, Kazakhstan was negatively affected by SEK 59 million due to impairment loss of obsolete equipment.

In Q2 2011, Sweden was negatively affected by SEK 54 million in relation to future rental costs for mobile sites to be dismantled. The negative effect has been reported as a one-off item.

## NOTE 3 OTHER OPERATING INCOME

In Q1 2011, other operating income in Sweden increased by SEK 139 million relating to compensations in connection with the transfer and disposal of assets related to the 4G net co-operation. The positive effect has been reported as a one-off item.

## NOTE 4 TAXES

In Q3 2012, net taxes were positively affected by a valuation of deferred tax assets in Austria of SEK 262 million.

In Q4 2011, net taxes were positively affected by SEK 108 million as a result of a valuation of deferred tax assets related to BBned in Netherlands.

## NOTE 5 CONTINGENT LIABILITIES

SEK million	Sep 30, 2012	Dec 31, 2011
Disputes	152	263
<b>Total contingent liabilities</b>	<b>152</b>	<b>263</b>

Network Norway is the defendant in a dispute before the District Court of Asker and Bærum regarding alleged exclusivity undertakings in its national roaming agreement with Telenor Mobil, where Telenor Mobil claims that Network Norway is in breach of this alleged undertaking since Tele2 Norway has a national roaming agreement with TeliaSonera Norge. Network Norway has disputed Telenor Mobil's claim in its entirety and based on current information, our assessment is that it is more likely than not that Network Norway will win. In Q2 2012, Telenor Mobil reduced its claim and on September 30, 2012 the disputed amount was SEK 152 million. The court case is scheduled to start on October 29, 2012 and we estimate that the District Court will give its ruling in late 2012 or early 2013.

Tele2 has been a party to arbitration proceedings in Stockholm regarding a share option agreement, which previously was reported as a contingent liability at an amount of SEK 265 million. The arbitral tribunal issued its award during the third quarter and the tribunal did not rule in favour of Tele2. The effect on Tele2's financial statements is stated in Note 2.

Additional contractual commitments and liabilities related to joint ventures are stated in Note 30 in the Annual Report 2011.

## NOTE 6 CAPEX

In Q2 2011, Kazakhstan acquired additional frequencies in the 2100 MHz band which affected CAPEX and the cash flow statement by SEK 218 million.

## NOTE 7 TRANSACTIONS WITH RELATED PARTIES

Tele2's share of liquid funds in joint ventures, for which Tele2 has limited disposal rights, amounted at each closing date to the sums stated below and was included in the group's cash and cash equivalents.

SEK million	2012 Sep 30	2012 Jun 30	2012 Mar 31	2011 Dec 31	2011 Sep 30	2011 Jun 30
Cash and cash equivalents at end of the period in joint ventures	35	33	31	50	26	58

Apart from transactions with joint ventures, no other significant related party transactions were carried out during 2012. Related parties are presented in Note 38 of the Annual Report 2011.

## NOTE 8 SHARES AND INCENTIVE PROGRAMS (LTI)

	Sep 30, 2012	Dec 31, 2011
<b>Number of shares</b>		
– outstanding, basic	444,661,211	444,149,959
– in own custody	4,122,128	4,633,380
– weighted average	444,461,839	443,851,976
– after dilution	447,696,308	446,492,847
– after dilution, weighted average	446,983,846	446,136,419

### DIVIDEND

In Q2 2012, Tele2 paid to its shareholders a dividend of SEK 13.00 (27.00) per share for 2011, of which the ordinary dividend amounted to SEK 6.50 (6.00) per share and the extraordinary dividend amounted to SEK 6.50 (21.00) per share. This corresponded to a total of SEK 5,781 (11,991) million, of which an ordinary dividend of SEK 2,890 (2,665) million and an extraordinary dividend SEK 2,890 (9,326) million.

### SALE OF SHARES

As a result of share rights in the LTI 2009 being exercised during Q2 2012, Tele2 sold 466,252 B-shares in own custody.

As a result of stock options in the LTI 2007 being exercised during Q1 and Q2 2012, Tele2 sold 37,000 and 8,000 B-shares respectively in own custody, resulting in an increase of shareholders' equity of SEK 4 and 2 million.

### RECLASSIFICATION

In Q2 2012, the Annual General Meeting decided to reduce the restricted reserves in the parent company with SEK 12,000 million for transfer to unrestricted equity.

In Q1 and Q3 2012, 1,194 and 875 class A shares respectively were reclassified into class B shares in Tele2.

### INCENTIVE PROGRAM (LTI)

Additional information related to LTI programs are presented in Note 34 of the Annual Report 2011.

#### LTI 2012

	2012 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated June 15, 2012	1,141,176	1,141,176
Forfeited	–15,000	–15,000
<b>Total outstanding share rights</b>	<b>1,126,176</b>	

At the Annual General Meeting held on May 7, 2012, the shareholders approved a performance-based incentive programme for senior executives and other key employees in the Tele2 group. The Plan has the same structure as last year's incentive program. Detailed information of the Plan was disclosed in the interim report January – June 2012.

#### LTI 2011

	2012 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated June 17, 2011		1,053,936
Outstanding as of January 1, 2012	992,936	
Allocated, compensation for dividend	77,622	77,622
Forfeited	–37,892	–98,892
<b>Total outstanding share rights</b>	<b>1,032,666</b>	<b>1,032,666</b>

#### LTI 2010

	2012 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated June 9, 2010		873,120
Outstanding as of January 1, 2012	858,057	
Allocated, compensation for dividend	66,606	189,695
Forfeited	–48,408	–186,560
<b>Total outstanding share rights</b>	<b>876,255</b>	<b>876,255</b>

#### LTI 2009

	2012 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated June 1, 2009		656,160
Outstanding as of January 1, 2012	484,196	
Allocated, compensation for dividend	–	92,096
Forfeited	–17,944	–282,004
Exercised	–466,252	–466,252
<b>Total outstanding share rights</b>	<b>–</b>	<b>–</b>

The exercise of the share rights in LTI 2009 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2009 until March 31, 2012. The outcome of these decided performance conditions was in accordance with below:

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	156.2%	100%
Series B	Average normalised Return on Capital Employed (ROCE)	14%	17%	22.0%	100%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	65.2%	100%

Weighted average share price for share rights at date of exercise amounted to SEK 124.00 during 2012.

#### LTI 2007

It was possible to exercise stock options in LTI 2007 until August 2012.

	2012 Jan 1–Sep 30	Cumulative from start
Number of options		
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2012	59,000	
Forfeited	–14,000	–1,037,000
Exercised	–45,000	–2,515,000
<b>Total outstanding stock options</b>	<b>–</b>	<b>–</b>

Weighted average share price for stock options at date of exercise amounted to SEK 130.70 (149.19) during 2012. The exercise price was SEK 116.60.

SEK 1 million was paid to the programme participants in connection with the exercise during 2012, as a compensation for the extraordinary dividend of SEK 21.00 and 6.50 paid during 2011 and 2012 respectively.

## NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments of shares and participations affecting cash flow were as follows:

SEK million	2012 Jan 1–Sep 30
<b>Acquisitions</b>	
Televörgu, Estonia	–218
Settlements of previous years' acquisitions	–3
<b>Total group companies</b>	<b>–221</b>
Capital contribution to associated companies	–8
<b>Total associated companies</b>	<b>–8</b>
<b>Total acquisition of shares and participations</b>	<b>–229</b>
<b>Divestments</b>	
Officer, Norway	2
Settlements of previous years' divestments	–3
<b>Total sale of shares and participations</b>	<b>–1</b>
<b>TOTAL CASH FLOW EFFECT, NET</b>	<b>–230</b>

## CONT. NOTE 9

### ACQUISITIONS

#### Televõrgu, Estonia

On February 17, 2012 Tele2 acquired 100 percent of the Estonian telecommunication service provider Televõrgu AS for SEK 223 million.

Televõrgu is a provider of transmission and mobile internet services based on a fibre optical network and a CDMA based 3G wireless network. The acquisition of Televõrgu will give Tele2 Estonia a stronger presence among business customers in the Estonian market, and full control over its transmission network until 2025.

Goodwill in connection with the acquisition is related to Tele2's expectation to benefit from cost savings and cost control, since Televõrgu is a provider of leased lines and transmission services to Tele2. In addition, the acquisition is expected to give Tele2 a stronger presence among business customers and expanding data transmission services in the Estonian market.

Televõrgu has affected net sales of SEK 55 million and EBITDA of SEK 27 million in 2012, of which SEK 23 and 11 million respectively refer to Q3 2012. Total acquisition costs of SEK 2 million have been reported in the income statement.

#### Other acquisitions

On December 22, 2011 Tele2 acquired 100% of the Austrian internet service provider Silver Server for SEK 100 million, of which SEK 97 million was paid in 2011. In Q3 2012, the remaining purchase price of SEK 3 million was paid to the former owner.

#### Net assets at the time of acquisition

Assets, liabilities and contingent liabilities included in the operations acquired up to September 30, 2012, are stated below:

SEK million	Televõrgu, Estonia
Customer agreements	20
Beneficial and renting rights	78
Tangible assets	63
Material and supplies	1
Current receivables	18
Cash and cash equivalents	3
Deferred tax liabilities	-17
Short-term liabilities	-35
<b>Acquired net assets</b>	<b>131</b>
Goodwill	66
<b>Purchase price shares</b>	<b>197</b>
Payment of debt to former owners	26
Exchange rate differences	-2
Less: cash in acquired companies	-3
<b>NET EFFECT ON GROUP CASH ASSETS</b>	<b>218</b>

The information above and the pro forma below are to be viewed as preliminary.

### DIVESTMENTS

#### Officer, Norway

In 2012, stores in Officer, Norway, were divested for SEK 2 million.

### PRO FORMA

The table below shows how the acquired companies and operations on September 30, 2012 would have affected Tele2's net sales and result if they had been acquired on January 1, 2012.

SEK million	January 1 – September 30 2012		
	Tele2 group	Acquired operations Televõrgu, Estonia	Tele2 group, pro forma
Net sales	32,451	19	32,470
EBITDA	8,288	8	8,296
Net profit	2,699	2	2,701

## NOTE 10 FINANCING

	Interest-bearing liabilities			
	Sep 30, 2012		Dec 31, 2011	
	Short-term	Long-term	Short-term	Long-term
Bonds RUB, Russia	-	5,451	-	2,780
Bonds NOK, Sweden	-	1,481	-	-
Bonds SEK, Sweden	-	2,794	-	-
Commercial papers, Sweden	2,665	-	-	-
Financial institutions	206	1,579	210	9,305
Put option, Kazakhstan	1,180	-	1,136	-
Other liabilities	509	827	350	883
<b>Total interest-bearing liabilities</b>	<b>4,560</b>	<b>12,132</b>	<b>1,696</b>	<b>12,968</b>
		<b>16,692</b>		<b>14,664</b>

In Q3 2012, Tele2 AB entered into an 8-year-maturity loan agreement with Nordic Investment Bank (NIB), totalling EUR 74 million, as a further step towards the diversification of Tele2's funding sources for Tele2.

In Q2 2012, Tele2 AB signed a new EUR 1.2 billion 5-year revolving credit facility with participation from twelve banks. The facility was used to repay four credit facilities that would have matured in 2013.

In Q2 2012, Tele2 AB signed a Euro Medium-Term Note Program (bonds) that will form the basis for Tele2's future medium and long term debt issuance in both international and domestic markets. The program enables Tele2 to issue bonds and notes up to a total aggregate amount of EUR 3 billion. On May 8, 2012 Tele2 issued a SEK 2.3 billion 5 year bond on the Swedish bond market under this program. The amount is split between a fixed rate tranche of SEK 800 million with a coupon of 4.875 percent and a floating rate tranche of SEK 1.5 billion with a coupon of three months STIBOR +2.85 percent. On September 27, 2012 Tele2 issued a SEK 500 million bond of 18 months on the Swedish bond market under this program with a coupon of three months STIBOR +0.95 percent.

In Q2 2012, Tele2 Russia issued a 6 billion Rouble bond. The bond has a final maturity of 10 years and a put option providing for an effective tenor of 3 years. The coupon rate is 9.10 percent per annum with semi-annual coupon payments. In Q1 2012 Tele2 Russia issued a 7 billion rouble bond with 2 tranches. The bond has a final maturity of 10 years and a put option providing for an effective tenor of 2 years. The coupon rate for the period is 8.90 percent per annum with semi-annual coupon payments.

In Q1 2012, Tele2 AB issued a NOK 1.3 billion bond in the Norwegian bond market. The amount is split between a 3 year bond of NOK 300 million priced at NIBOR +1.70 percent and a 5 year bond of NOK 1 billion priced at NIBOR +2.35 percent.

In Q1 2012, Tele2 AB established a Swedish commercial paper program. The program enables Tele2 to issue commercial papers up to a total amount of SEK 3 billion. Commercial papers can be issued with tenors up to 12 months under the program. The commercial paper program is a complement to Tele2's core funding.

## NOTE 11 CHANGED ACCOUNTING PRINCIPLE FOR JOINT VENTURES

On January 1, 2012 Tele2 changed the accounting principles for joint ventures from the equity method to proportionate consolidation, with retrospective application.

The International Accounting Standards Board (IASB) has issued a new standard for joint arrangements, IFRS 11 (not yet adopted by the EU). IFRS 11 is focusing on the rights and obligations that exist between the parties. This is determinative when deciding which type of joint arrangement exists. A joint arrangement is a construction where two or more parties contractually agree on joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. It is not only the legal form of the arrangement that should be considered. There are two types of joint arrangements: joint operations and joint ventures. A joint operation arises when the joint control owners have rights to the assets and obligations for the liabilities that are connected to the investment. A joint venture applies to the case where the joint control parties have rights to the net assets of the investment. Depending on whether the arrangement is a joint operation or a joint venture, different accounting principles shall be applied. According to the new standard, only the equity method is allowed when consolidating joint ventures, i.e. proportionate consolidation is no longer allowed. The parties in a joint operation shall report their assets, liabilities, revenues and expenses and their share of joint assets, liabilities, revenues and expenses.

Tele2 reviewed its joint ventures in 2011, and the major part of these was classified as joint operations according to IFRS 11. As a consequence, Tele2 changed accounting principle already from January 1, 2012, within the current IAS 31 Interests in Joint Ventures, from the equity method to proportionate consolidation for joint ventures. The decision was additionally based on the fact that Tele2 Sweden is building its 3G and 4G networks in joint ventures and that proportionate consolidation was expected to give a more true and fair view. The change of accounting principle increased the net sales, EBITDA, assets and liabilities of the group and had a minor effect on operating profit and net cash flows. The change had no effect on net profit or shareholders' equity.

The effects from the change of accounting principle are stated below.

### Income statement

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>CONTINUING OPERATIONS</b>							
Net sales	251	421	13	89	80	69	70
Operating expenses	-215	-373	-22	-67	-65	-61	-59
Result from shares in associated companies and joint ventures	-16	-145	2	-	-8	-10	-99
Other operating income	62	31	30	5	11	16	7
<b>Operating profit/loss, EBIT</b>	<b>82</b>	<b>-66</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>-81</b>
Interest income/costs	-75	-30	-23	-24	-16	-12	-15
<b>Profit/loss after financial items, EBT</b>	<b>7</b>	<b>-96</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>-96</b>
Tax on profit/loss	-7	96	-	-3	-2	-2	96
<b>NET PROFIT/LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Balance sheet

SEK million	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010
<b>ASSETS</b>					
<b>FIXED ASSETS</b>					
Goodwill	-	147	147	142	144
Other intangible assets	450	264	265	265	32
<b>Intangible assets</b>	<b>450</b>	<b>411</b>	<b>412</b>	<b>407</b>	<b>176</b>
Tangible assets	2,189	2,550	2,518	2,384	2,312
Financial assets	-2,529	-2,516	-1,403	-1,126	-1,068
Deferred tax assets	91	91	91	92	96
<b>FIXED ASSETS</b>	<b>201</b>	<b>536</b>	<b>1,618</b>	<b>1,757</b>	<b>1,516</b>
<b>CURRENT ASSETS</b>					
Current receivables	104	134	134	155	164
Cash and cash equivalents	50	26	58	61	36
<b>CURRENT ASSETS</b>	<b>154</b>	<b>160</b>	<b>192</b>	<b>216</b>	<b>200</b>
<b>ASSETS</b>	<b>355</b>	<b>696</b>	<b>1,810</b>	<b>1,973</b>	<b>1,716</b>
<b>EQUITY AND LIABILITIES</b>					
<b>LONG-TERM LIABILITIES</b>					
Interest-bearing liabilities	-	332	287	247	216
<b>LONG-TERM LIABILITIES</b>	<b>-</b>	<b>332</b>	<b>287</b>	<b>247</b>	<b>216</b>
<b>SHORT-TERM LIABILITIES</b>					
Interest-bearing liabilities	-	-	1,171	1,187	1,260
Non-interest-bearing liabilities	355	364	352	539	240
<b>SHORT-TERM LIABILITIES</b>	<b>355</b>	<b>364</b>	<b>1,523</b>	<b>1,726</b>	<b>1,500</b>
<b>EQUITY AND LIABILITIES</b>	<b>355</b>	<b>696</b>	<b>1,810</b>	<b>1,973</b>	<b>1,716</b>

### Cash flow statement

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>OPERATING ACTIVITIES</b>							
Cash flow from operations, less paid taxes	285	314	59	69	82	75	64
Changes in working capital	157	42	54	-18	68	53	26
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>442</b>	<b>356</b>	<b>113</b>	<b>51</b>	<b>150</b>	<b>128</b>	<b>90</b>
<b>INVESTING ACTIVITIES</b>							
Capital expenditure in intangible and tangible assets, CAPEX	-905	-355	-353	-69	-400	-83	-171
<b>Cash flow after CAPEX</b>	<b>-463</b>	<b>1</b>	<b>-240</b>	<b>-18</b>	<b>-250</b>	<b>45</b>	<b>-81</b>
Acquisition of shares and participations	-372	118	-12	-375	-	15	-
Changes of long-term receivables from joint ventures	1,999	200	276	1,487	234	2	200
Cash flow from investing activities	722	-37	-89	1,043	-166	-66	29
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>	<b>1,164</b>	<b>319</b>	<b>24</b>	<b>1,094</b>	<b>-16</b>	<b>62</b>	<b>119</b>
<b>FINANCING ACTIVITIES</b>							
Change of loans, net	-1,150	-393	-	-1,126	13	-37	-134
<b>Cash flow from financing activities</b>	<b>-1,150</b>	<b>-393</b>	<b>-</b>	<b>-1,126</b>	<b>13</b>	<b>-37</b>	<b>-134</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>14</b>	<b>-74</b>	<b>24</b>	<b>-32</b>	<b>-3</b>	<b>25</b>	<b>-15</b>
Cash and cash equivalents at beginning of period	36	110	26	58	61	36	51
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>50</b>	<b>36</b>	<b>50</b>	<b>26</b>	<b>58</b>	<b>61</b>	<b>36</b>

## CONT. NOTE 11

### Net sales

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	222	382	40	70	61	51	62
Other operations	-4	-11	2	-2	-3	-1	-4
<b>TOTAL</b>	<b>218</b>	<b>371</b>	<b>42</b>	<b>68</b>	<b>58</b>	<b>50</b>	<b>58</b>
<b>Norway</b>							
Mobile	74	66	-	27	24	23	19
<b>TOTAL</b>	<b>74</b>	<b>66</b>	<b>-</b>	<b>27</b>	<b>24</b>	<b>23</b>	<b>19</b>
<b>Mobile</b>	<b>296</b>	<b>448</b>	<b>40</b>	<b>97</b>	<b>85</b>	<b>74</b>	<b>81</b>
<b>Other operations</b>	<b>-4</b>	<b>-11</b>	<b>2</b>	<b>-2</b>	<b>-3</b>	<b>-1</b>	<b>-4</b>
Internal sales, elimination	-41	-16	-29	-6	-2	-4	-7
<b>TOTAL</b>	<b>251</b>	<b>421</b>	<b>13</b>	<b>89</b>	<b>80</b>	<b>69</b>	<b>70</b>

### Internal sales

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	16	12	8	4	2	2	5
Other operations	25	4	21	2	-	2	2
<b>TOTAL</b>	<b>41</b>	<b>16</b>	<b>29</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>7</b>

### EBITDA

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	318	345	82	76	85	75	72
<b>TOTAL</b>	<b>318</b>	<b>345</b>	<b>82</b>	<b>76</b>	<b>85</b>	<b>75</b>	<b>72</b>
<b>Norway</b>							
Mobile	42	14	-	17	13	12	6
<b>TOTAL</b>	<b>360</b>	<b>359</b>	<b>82</b>	<b>93</b>	<b>98</b>	<b>87</b>	<b>78</b>

### EBIT

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	66	18	23	19	14	10	6
<b>TOTAL</b>	<b>66</b>	<b>18</b>	<b>23</b>	<b>19</b>	<b>14</b>	<b>10</b>	<b>6</b>
<b>Norway</b>							
Mobile	16	12	-	8	4	4	9
<b>TOTAL</b>	<b>82</b>	<b>30</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>15</b>
One-off items	-	-96	-	-	-	-	-96
<b>TOTAL</b>	<b>82</b>	<b>-66</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>-81</b>

#### SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>EBITDA</b>	<b>360</b>	<b>359</b>	<b>82</b>	<b>93</b>	<b>98</b>	<b>87</b>	<b>78</b>
One-off items in result from shares in joint ventures	-	-96	-	-	-	-	-96
Depreciation/amortization and other impairment	-262	-280	-61	-66	-72	-63	-60
Result from shares in associated companies and joint ventures	-16	-49	2	-	-8	-10	-3
<b>EBIT</b>	<b>82</b>	<b>-66</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>-81</b>

### CAPEX

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	882	254	356	56	127	343	155
<b>TOTAL</b>	<b>882</b>	<b>254</b>	<b>356</b>	<b>56</b>	<b>127</b>	<b>343</b>	<b>155</b>
<b>Norway</b>							
Mobile	130	190	1	36	62	31	105
<b>TOTAL</b>	<b>1,012</b>	<b>444</b>	<b>357</b>	<b>92</b>	<b>189</b>	<b>374</b>	<b>260</b>

#### ADDITIONAL CASH FLOW INFORMATION

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>CAPEX according to cash flow statement</b>	<b>905</b>	<b>355</b>	<b>353</b>	<b>69</b>	<b>400</b>	<b>83</b>	<b>171</b>
This year unpaid CAPEX and paid CAPEX from previous year	107	89	4	23	-211	291	89
<b>CAPEX according to balance sheet</b>	<b>1,012</b>	<b>444</b>	<b>357</b>	<b>92</b>	<b>189</b>	<b>374</b>	<b>260</b>

### KEY RATIOS

SEK million	2011	2010	2009	2008
Net sales	251	421	400	300
EBITDA	360	359	227	225
EBIT	82	-66	45	120
EBT	7	-96	-	-
Total assets	355	1,716	2,268	2,360
Cash flow from operating activities	442	356	309	192
Cash flow after CAPEX	-463	1	-143	-251
Available liquidity	50	440	110	35
Net debt	2,149	1,726	1,842	2,060
Investments in intangible and tangible assets, CAPEX	1,012	444	452	443
Investments in shares, short-term investments etc	-1,627	-318	-352	-87

#### Key ratios

EBITDA margin, %	0.7	0.6	-0.4	0.4
EBIT margin, %	0.1	-0.3	-	0.2
Equity/assets ratio, %	-	-3	-4	-3
Debt/equity ratio, multiple	0.10	0.06	0.06	0.08
Return on capital employed, %	-0.4	-1.4	-0.9	-0.1
Average interest rate, %	-0.5	-2.7	-1.1	-

#### Value per share (SEK)

Cash flow from operating activities	0.99	0.81	0.70	0.43
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**NOTE 12 CHANGED ACCOUNTING PRINCIPLE FOR  
INTERNAL SALE**

From January 1, 2012 internal sales within the segments (countries) are not reported in net sales and internal sales for the respective segment.

The comparable periods are restated. The effects on the financial statements are stated below.

SEK million	2011 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Full year	2010 Q4
<b>Internal net sales</b>							
Sweden							
- mobile	-410	-148	-97	-86	-79	-235	-73
- fixed broadband	-14	-5	-4	-4	-1	-14	-2
- other operations	-31	-21	-3	-3	-4	-26	-2
	<b>-455</b>	<b>-174</b>	<b>-104</b>	<b>-93</b>	<b>-84</b>	<b>-275</b>	<b>-77</b>
Norway, mobile	-32	-32	-	-	-	-	-
Russia, mobile	-206	-49	-66	-60	-31	-154	-39
Netherlands							
- fixed broadband	-8	-2	-1	-3	-2	-12	-3
- other operations	-51	-17	-15	-10	-9	-3	-3
	<b>-59</b>	<b>-19</b>	<b>-16</b>	<b>-13</b>	<b>-11</b>	<b>-15</b>	<b>-6</b>
Other, other operations	-4	-	-1	-	-3	-11	1
<b>TOTAL</b>							
- mobile	<b>-648</b>	<b>-229</b>	<b>-163</b>	<b>-146</b>	<b>-110</b>	<b>-389</b>	<b>-112</b>
- fixed broadband	<b>-22</b>	<b>-7</b>	<b>-5</b>	<b>-7</b>	<b>-3</b>	<b>-26</b>	<b>-5</b>
- other operations	<b>-86</b>	<b>-38</b>	<b>-19</b>	<b>-13</b>	<b>-16</b>	<b>-40</b>	<b>-4</b>
	<b>-756</b>	<b>-274</b>	<b>-187</b>	<b>-166</b>	<b>-129</b>	<b>-455</b>	<b>-121</b>
Internal sales, elimination	756	274	187	166	129	455	121
<b>Net sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>