

Good progress in mobile business

INTERIM REPORT | January–September 2013

Q3 2013 HIGHLIGHTS

Stable net intake for the Group

■ Net intake was 206,000 (691,000) in the quarter, of which 263,000 (807,000) mobile customers. Net sales amounted to SEK 7,529 (7,649) million, of which mobile services represented SEK 5,481 (5,325) million, corresponding to a growth rate of 3 percent. EBITDA in Q3 2013 amounted to SEK 1,523 (1,771) million, equivalent to an EBITDA margin of 20 (23) percent. EBITDA for mobile services amounted to SEK 990 (1,115) million.

Steady operational performance in Tele2 Sweden

■ Tele2 Sweden added 60,000 (34,000) mobile customers in the quarter. Mobile net sales in Sweden contracted by 1 percent, as a result of lower smartphones sales in Q3 2013. Underlying mobile service revenue (excluding operator revenues and hardware sales) grew by 1 percent in the quarter. The mobile EBITDA contribution in the quarter was SEK 760 (828) million, equivalent to a stable EBITDA margin of 30 (33) percent.

Strong customer intake within mobile for Tele2 Netherlands

■ Tele2 Netherlands continued its marketing push within the mobile segment, accelerating its customer intake to 56,000 (51,000) customers and taking the total mobile customer base to 640,000 (423,000). Mobile net sales amounted to SEK 463 (234) million and underlying mobile service revenue grew by 74 percent in Q3 2013. In the quarter, the company secured a long-standing agreement with T-Mobile Netherlands for passive network sharing combined with an extension of the successful MVNO agreement.

Good progress in network roll-out for Tele2 Norway

■ Tele2 Norway added 5,000 (16,000) mobile customers in the quarter. The network roll-out continued full speed ahead, now covering approximately 72 percent of the population. The underlying mobile service revenue growth was 2 percent in Q3 2013.

Robust revenue growth in Tele2 Kazakhstan

■ In the quarter, Tele2 Kazakhstan introduced several measures, such as moving from a fixed dealer commission to revenue sharing schemes, in order to attract better quality customers. A short-term negative outcome of the changed commission scheme was lower gross additions in the quarter. Net intake amounted to -14,000 (589,000) and the total customer base was 3,148,000 (3,051,000) on September 30, 2013. Mobile net sales grew by 32 percent in Q3 2013 amounting to SEK 357 (270) million. Underlying mobile service revenue grew by 48 percent. Thanks to improved operational scale and lower interconnect levels, EBITDA losses were reduced to SEK -34 (-102) million.

Revised financial guidance

■ Tele2 has revised its financial guidance for 2014–2015 leading to a deviation from its earlier guidance for the years 2013–2015. As a result of the sale of Tele2 Russia and the revised guidance, dividend for 2013 is expected to be around SEK 4.40. For further information see page 4.

Net sales Q3 2013

7,529

SEK million

EBITDA Q3 2013

1,523

SEK million

Key Financial Data Q3

SEK million	Q3			9M		
	2013	2012	%	2013	2012	%
Net sales	7,529	7,649	-2	22,303	22,869	-2
Net sales excluding exchange rate differences	7,529	7,663	-2	22,303	22,540	-1
EBITDA	1,523	1,771	-14	4,529	4,796	-6
EBITDA excluding exchange rate differences	1,523	1,798	-15	4,529	4,767	-5
EBIT	225	341		1,606	1,399	
EBIT excluding one-off items (see Note 2)	675	879		2,051	1,954	
Net profit/loss	-194	283		486	760	
Earnings per share, after dilution (SEK)	-0.43	0.63		1.09	1.70	

The figures presented in this report refer to Q3 2013 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2012.

TELE2

CEO comment

Last quarter I shared my thoughts about Tele2 – a challenger in a challenged industry. The trends we had already identified are intact, but they are now occurring at an accelerated pace: customers are moving from pay-as-you-go to bucket price plans sooner and faster than anticipated and pricing plans are shifting from voice to data as customers’ user behaviour changes. Although we see this as a positive trend in the longer term, this causes a faster transition and leads to higher operational costs and further price pressure in the short run. For those reasons, combined with the deterioration of fixed line services, we have revised our guidance.

Despite this changing landscape, we will keep a steady course and avoid strategy flip-flopping. We will continue to embrace the shift from voice to data with a sharp focus on mobile, provide easy-to-use services and grow revenue through increased usage. The underlying and enduring data usage trends are still laying the foundation for our business in the future. Likewise, we keep the same focus on our four major markets.

In Tele2 Norway, the network roll-out is going according to plan and will enable us to significantly lessen our costs and dependency on a roaming partner. The auction for technology neutral licenses is now scheduled for December and we believe that the terms and conditions of the process are fair.

In the Netherlands, crucial jigsaw pieces are in place. The strategic partnership with T-Mobile Netherlands, according to which we will share network components and extend the MVNO agreement for 5 years, is a key milestone. The staffing of the new mobile organization is progressing full speed ahead, as industry specialists show a keen interest in joining us. Furthermore, we have now chosen our vendors.

Tele2 Kazakhstan pushes on to catch up with competitors on network reach and quality. In that respect, we have made further steps forward during the quarter and now cover 84 percent of the population. To improve the general quality of the customer base and drive churn down, Tele2 Kazakhstan modified its commission structure from a fixed dealer commission to revenue sharing schemes. The short-term effect was quite dramatic, but a change was needed to trigger healthier development.

Tele2 Sweden is making good progress in several areas of importance. The efforts to bring Comviq up to speed on the postpaid side are now bearing fruit. More and more prepaid customers upgrade to postpaid, thereby “staying within the family”. The 4G movement

“ Our industry is undergoing a pivotal transition which is happening faster than expected and we have to adapt even more quickly to the new conditions that characterise our environment. Because the underlying trends – and our strategy – are unchanged, I keep seeing good opportunities ahead of us.”

is as strong as ever, and Tele2 Sweden is accelerating the migration of customers to data centric bucket plans and LTE enabled phones.

The Baltic region demonstrates once again the extremes of the industry. Lithuania continues to excel and dominate its market, while Estonia is struggling in an overly competitive market. The Latvian market is also tough, but our management has been able to navigate difficult waters and gain further market shares. All in all, the region remains stable.

In parallel, we will continue to invest selectively into improving our access and customer relations capabilities. Those are our key assets, at a time when customer expectations on service are constantly increasing. Customer service is a focus area

where we have a good opportunity to leapfrog ahead of competition. In that respect, customer operations continue their upward trend across our footprint. In Q3 2013, our results in terms of customer service satisfaction were better compared to the same period last year in each country. This is an encouraging trend, but we still have some distance to go until we hit World Class Performance Levels in all markets. We expect further leverage from operational upgrades that are in progress.

Our industry is undergoing a pivotal transition which is happening faster than expected and we have to adapt even more quickly to the new conditions that characterise our environment. Because the underlying trends – and our strategy – are unchanged, I keep seeing good opportunities ahead of us.

Mats Granryd,
President and CEO

SIGNIFICANT EVENTS | Q3

- **Tele2 Netherlands and T-Mobile** signed a 10-year contract on site sharing and agreed on a national 2G and 3G MVNO partnership for 5 years
- **Tele2** hosted an analyst and journalist meeting in Amsterdam to discuss Tele2’s operational development in the country with a focus on mobile
- **Elinor Skogsfors** was appointed new EVP of Human Resources at Tele2 AB

- **Tele2 Netherlands** announced the results of the network procurement for the 4G roll-out in the country

- **An impairment loss** was recognized in Croatia amounting to SEK –454 (–250) million (see Note 2)

SUBSEQUENT EVENTS

- Tele2 announced changes to its revolving credit facility agreement with a syndicate of eleven banks (see Note 3)

Financial Overview

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

Net customer intake amounted to 206,000 (691,000) in Q3 2013. The customer intake in mobile services amounted to 263,000 (807,000). This development was mainly driven by a good customer intake in Tele2 Sweden, Tele2 Netherlands, Tele2 Lithuania and Tele2 Croatia whose customer bases grew by 60,000 (34,000), 56,000 (51,000), 54,000 (38,000) and 50,000 (33,000) customers respectively. The fixed broadband customer base decreased by -18,000 (-16,000) customers in Q3 2013, primarily attributable to Tele2's operations in the Netherlands. As expected, the number of fixed telephony customers fell in Q3 2013. On September 30, 2013 the total customer base amounted to 15,349,000 (15,328,000).

Net sales in Q3 2013 amounted to SEK 7,529 (7,649) million. The net sales development was mainly a result of sustained performance in mobile services, with a growth of 3 percent compared to the same period last year, and negative net sales development within consumer fixed broadband and fixed telephony.

EBITDA in Q3 2013 amounted to SEK 1,523 (1,771) million, equivalent to an EBITDA margin of 20 (23) percent. The EBITDA development was affected by expansion costs in the mobile segment, tougher competition in the fixed broadband segment and a decreasing fixed telephony customer base.

EBIT in Q3 2013 amounted to SEK 675 (879) million excluding one-off items. Including one-off items, EBIT amounted to SEK 225 (341) million. The EBIT development was negatively impacted by the impairment of Tele2 Croatia amounting to SEK -454 (-250) million (Note 2).

Profit before tax in Q3 2013 amounted to SEK 40 (245) million.

Net profit/loss in Q3 2013 amounted to SEK -194 (283) million. Reported tax for Q3 2013 amounted to SEK -234 (38) million. Tax payment affecting cash flow amounted to SEK -31 (-178) million.

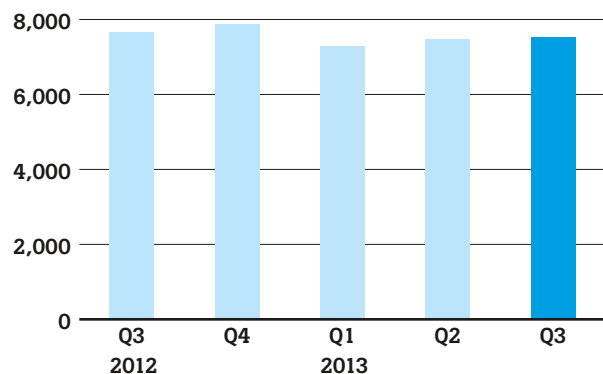
Cash flow after CAPEX in Q3 2013 amounted to SEK 495 (1,702 including Tele2 Russia) million mainly affected by mobile network rollouts in Sweden, the Netherlands, Norway and Kazakhstan.

CAPEX in Q3 2013 amounted to SEK 954 (868) million, driven principally by further network expansion in Sweden, the Netherlands, Norway and Kazakhstan.

Net debt amounted to SEK 8,346 (15,988) million on September 30, 2013, or 1.40 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 12,213 (11,855) million (see Note 3 for further information on financial debt).

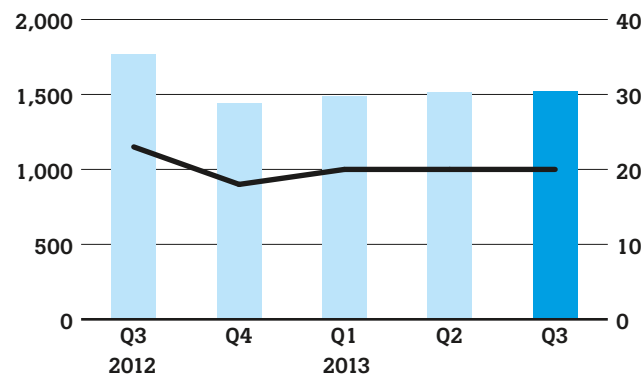
Net sales

SEK million



EBITDA/EBITDA margin

SEK million/Percent



Financial Guidance 2013

Tele2's objective is to maintain a healthy balance between growth regions and more mature markets and to be an established actor in Europe and Eurasia. Tele2's core markets should be characterized in the longer term by:

- The capability to reach a top 2 position in terms of customer market share in an individual country.
- A mobile operation based on own infrastructure should return at least 35 percent EBITDA margin excluding equipment sales.
- All operations in the Group should have at least 20 percent return on capital employed (ROCE).

Revised longer term financial guidance

Over the last six months the trends that Tele2 have identified are occurring at an accelerated pace. Customers are moving from pay-as-you-go tariffs to bucket price plans faster than sooner anticipated and their focus is shifting from voice to data, as user behaviour changes. In the long term this is a positive development as it will enable operators to charge for data specifically. In the medium term, however, this will lead to higher operational costs and further price pressure since Tele2 will have to spend more time and effort into moving its customers to the next generation of mobile services. As a result of those trends and the deterioration of fixed line services, Tele2's forecast will be lowered for 2014-2015 leading to a deviation from its earlier provided guidance for the years 2013-2015.

Tele2's revised guidance is as follows:

- Tele2 expects to reach a total revenue in year 2015 of between SEK 32.5 - 33.5 (earlier at least 35.6) billion for the Group.
- Tele2 expects to reach an EBITDA in year 2015 of between SEK 6.7 - 7.3 (earlier at least 8.3) billion for the Group.
- Each operation in the Group should return at least 20 percent on capital employed (ROCE) over the long term.
- Positive operational development over the next 3 years will be predominantly driven by a strong mobile development in Sweden, the Netherlands, Norway and Kazakhstan.
- As a result of the sale of Tele2 Russia and the current guidance, dividend for 2013 is recommended to be around SEK 4.40 per share.

Tele2 is highly committed to its challenger strategy: embracing the shift from voice to data, providing easy-to-use services and growing revenue through increased usage. All activities driven by the company are aiming at further strengthening its market position through this strategy. Tele2 will continue to invest selectively in improving its access and customer relations capabilities. The company will keep focusing on balancing revenue growth with margins.

Tele2's mobile operations The following assumptions should be taken into account when estimating the 2013 results:

SEK million	Group ¹⁾	Sweden	Norway	Netherlands	Kazakhstan
Net sales	-	10,100 to 10,300	3,900 to 4,000 (earlier 4,200 to 4,300)	1,600 to 1,700	1,350 to 1,450 (earlier 1,450 to 1,550)
EBITDA	-	2,900 to 3,100	80 to 90 (earlier 70 to 80)	-50 to -75	-100 to -200
Cash flow Capex	5,700 ²⁾	-	900 to 1,000 excluding license costs	1,500 to 1,700 (earlier 2,000 to 2,500 ²⁾)	550 to 650
Other	The tax payment will affect cash flow by approximately SEK -250 million.			The mobile operations should reach EBITDA break-even 3 years after the commercial launch of 4G/LTE services.	Tele2 expects to reach a long-term mobile customer market share of 30 percent. EBITDA break-even is expected during Q4 2013.

1) Total operations.

2) Whereof licences in the Netherlands for 4G/LTE SEK 1,400 million.

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 operations 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.

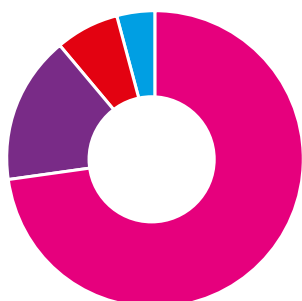
Financial summary

SEK million	Note	Q3 2013	Q3 2012	9M 2013	9M 2012	FY 2012
Mobile¹⁾						
Net customer intake (thousands)		263	807	1,031	2,148	2,492
Net sales		5,481	5,325	15,949	15,388	20,920
EBITDA		990	1,115	2,903	2,854	3,687
EBIT		425	517	1,267	908	1,173
CAPEX	6	652	610	3,127	1,760	2,570
Fixed broadband¹⁾						
Net customer intake (thousands)		-18	-16	-64	-45	-69
Net sales		1,227	1,326	3,786	4,220	5,566
EBITDA		291	346	881	1,036	1,357
EBIT		74	129	229	354	450
CAPEX		148	130	400	449	584
Fixed telephony¹⁾						
Net customer intake (thousands)		-39	-100	-220	-339	-541
Net sales		528	674	1,694	2,203	2,865
EBITDA		168	250	527	754	966
EBIT		150	221	463	673	857
CAPEX		24	10	52	31	45
Total						
Net customer intake (thousands)		206	691	747	1,764	1,882
Net sales		7,529	7,649	22,303	22,869	30,742
EBITDA		1,523	1,771	4,529	4,796	6,240
EBIT ²⁾	2	675	879	2,051	1,954	2,533
CAPEX	6	954	868	3,989	2,639	3,746
EBT		40	245	1,154	1,041	1,422
Net profit		-194	283	486	760	976
Cash flow from operating activities, continued operations		1,357	1,771	3,570	3,957	4,967
Cash flow from operating activities, total operations		1,357	2,778	4,293	6,864	8,679
Cash flow after CAPEX, continued operations	6	495	1,102	-342	1,785	1,684
Cash flow after CAPEX, total operations		495	1,702	65	3,541	4,070

1) Excluding one-off items (see section EBIT on page 19).

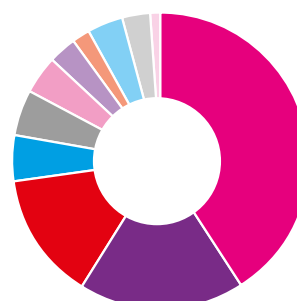
2) Total EBIT includes result from sale of operations and other one-off items stated under the segment reporting section of EBIT (page 20).

Net sales per service area, Q3 2013



Mobile	73%	Fixed telephony	7%
Fixed broadband	16%	Other	4%

Net sales per country, Q3 2013



Sweden	41%	Latvia	3%
Netherlands	18%	Estonia	2%
Norway	14%	Austria	4%
Kazakhstan	5%	Germany	3%
Croatia	5%	Other	1%
Lithuania	4%		

Overview by country

NET SALES LESS EXCHANGE RATE FLUCTUATIONS

	2013 Q3	2012 Q3*	Growth	2013 YTD	2012 YTD*	Growth
Sweden	3,078	3,189	-3%	9,297	9,469	-2%
Netherlands	1,383	1,282	8%	4,063	3,869	5%
Norway	1,029	1,133	-9%	3,131	3,401	-8%
Kazakhstan	357	255	40%	979	622	57%
Croatia	372	362	3%	1,001	940	6%
Lithuania	334	311	7%	953	885	8%
Latvia	230	268	-14%	685	741	-8%
Estonia	182	231	-21%	502	647	-22%
Austria	313	332	-6%	938	1,002	-6%
Germany	213	230	-7%	641	708	-9%
Other	38	70	-46%	113	256	-56%
Continued operations	7,529	7,663	-2%	22,303	22,540	-1%
FX effects		-14	-		329	-1%
Total	7,529	7,649	-2%	22,303	22,869	-2%

* Adjusted for fluctuations in exchange rates.

Sweden

Mobile In Q3 2013, mobile net sales amounted to SEK 2,506 (2,522) million. The underlying mobile service revenue growth was 1 percent. Total customer base was 3,803,000 (3,795,000) and the EBITDA contribution reached SEK 760 (828) million in the quarter.

The postpaid segment was characterized by increased activity in consumer pricing compared to the previous quarter. Bucket price plans continued to gain ground in the market. During the quarter, the underlying trend of shifting from pre- to postpaid stabilised as bucket pricing overall contributed to reducing the difference between pre- and postpaid. The smartphone installed base in the postpaid segment reached 83 percent at the end of the quarter. The share of 4G enabled handsets sold was 81 percent, confirming the demand of high speed data, and a campaign focusing on the move from 3G to 4G was released to strengthen this trend. The product "extra-sim" was launched in order to make it easier for customers to use their bucket subscriptions on more than one device.

The introduction of Real Time Rating during Q3 2013 enabled Tele2 Sweden to further develop the purchase experience and to capture new revenue streams based on the increase of data consumption. In September 2013, 58 percent of the customers who reached their limits purchased extra data buckets.

The Comviq brand kept rolling out its distribution concept together with Reitan Convenience nationwide, which was well received by customers and will enable sales to a wider audience. Tele2 Sweden also opened its 54th Tele2 Store, further strengthening the presence of the Tele2 brand in the Swedish market.

Tele2 Sweden continued to leverage on the combined 2G and 4G networks in the joint venture Net4Mobility, which covers 99 percent of the population and is the most extensive 4G network in the country. During the quarter, Tele2 Sweden continued the roll-out of both LTE800 and LTE1800, which will further strengthen the network in terms of 4G capacity and coverage.

In the business segment, Tele2 Sweden saw healthy growth, mainly driven by Cloud PBX solutions, both in the SME and the large enterprise segments. In general, however, the Swedish market showed slow customer movements compared to the same period last year.

EBITDA LESS EXCHANGE RATE FLUCTUATIONS

	2013 Q3	2012 Q3*	Growth	2013 YTD	2012 YTD*	Growth
Sweden	900	966	-7%	2,590	2,506	3%
Netherlands	271	399	-32%	909	1,170	-22%
Norway	55	107	-49%	138	221	-38%
Kazakhstan	-34	-97	65%	-131	-285	54%
Croatia	48	34	41%	73	51	43%
Lithuania	109	110	-1%	359	339	6%
Latvia	72	92	-22%	220	263	-16%
Estonia	43	62	-31%	124	180	-31%
Austria	77	97	-21%	243	251	-3%
Germany	18	70	-74%	106	234	-55%
Other	-36	-42	14%	-102	-163	37%
Continued operations	1,523	1,798	-15%	4,529	4,767	-5%
FX effects		-27	1%		29	-1%
Total	1,523	1,771	-14%	4,529	4,796	-6%

Fixed broadband The fixed broadband customer base had a stable development in Q3 2013. The EBITDA contribution in the quarter was SEK 49 (35) million.

Fixed telephony The EBITDA contribution in the quarter amounted to SEK 61 (89) million. Tele2 Sweden saw, as expected, a continued decrease in demand for fixed telephony as a consequence of the increased demand for mobile bucket price plans.

The Netherlands

In Q3 2013, Tele2 Netherlands reached various important milestones on its path to becoming a 4G-only mobile network operator. The company secured a long-standing agreement with T-Mobile Netherlands for passive network sharing combined with an extension of the successful MVNO agreement. During the quarter, Tele2 Netherlands maintained its high mobile intake. In the business segment, one of the largest Dutch banks signed a long-term contract with the company for fixed broadband access.

Mobile In Q3 2013, Tele2 Netherlands pursued its mobile growth and delivered a net sales of SEK 463 (234). The quarter showed a continuous trend of customers preferring postpaid over prepaid subscriptions. With a net intake of 56,000 (51,000) customers the company strengthened its position as the largest independent MVNO in the Dutch market. In September, Tele2 Netherlands started to distribute 4G ready SIMs to new customers, preparing their future migration to the company's own mobile network. As a result of further marketing push, EBITDA amounted to SEK -22 (5) million.

MNO project The choice of a 4G-only network roll-out is unique in the world. It provides Tele2 Netherlands with a legacy-free and future-proof mobile network. Q3 2013 saw several highlights in Tele2 Netherlands' MNO project. Not only did Tele2 Netherlands announce its choice for NSN (RAN), Huawei (Core) and Mavenir Systems (IMS/Voice over LTE platform) as the main three network vendors, but the company also secured a ten-year passive network sharing agreement with T-Mobile. This means that Tele2 Netherlands can use the antenna locations of T-Mobile throughout the

Netherlands, guaranteeing the possibility of efficiently rolling out a nationwide 4G network.

Fixed Broadband The initial investment of Tele2 Netherlands in several FttH (Fibre to the Home) projects and the expansion of the VDSL footprint enabled the company to be more competitive in the residential market, offering clients higher speeds. However, continued strong competition resulted in both further customer losses and lower ARPU in Q3 2013.

The mobile network roll-out also created an important synergy with the company's fixed operations. While expanding its own fiber backhaul to the new antenna sites, Tele2 Netherlands will also enlarge its fiber footprint by connecting to city fiber distribution points.

In the business market Tele2 added important new customers, amongst which ABN-AMRO, one of the Dutch leading banks.

Norway

Mobile Tele2 Norway had a net intake of 5,000 (16,000) in the quarter, leading to a total customer base of 1,126,000 (1,121,000).

In Q3 2013, Tele2 Norway reported net sales of SEK 974 (1,117) million. The decrease was mainly due to the reduction of termination rates affecting net sales negatively with SEK -125 million. Adjusted for this, the underlying mobile service revenue was up 2 percent in the quarter.

Tele2 Norway reached an EBITDA contribution of SEK 49 (101) million in Q3 2013, equalling an EBITDA margin of 5 (9) percent. The EBITDA margin was negatively impacted by lower termination rates, partly counteracted by lower national roaming costs as a higher share of traffic is produced in Tele2 Norway's own net.

Sales campaigns for all brands focused on bucket plans including "all you can eat" voice and SMS subscriptions. All brands aimed to increase the share of fixed fee subscriptions in order to secure revenue streams. At the end of the quarter 75 percent of Tele2's and One Call's customers had fixed fee subscriptions.

Along with bucket pricing and fixed fee subscriptions one of the key customer trends in Norway is a very high smartphone penetration driving the demand for more data included in the buckets. "All you can eat" voice and SMS subscriptions lead to less price differentials and more transparency in end-user prices. Tele2 Norway believes that customer service will be an important factor of differentiation in the future and in Q3 2013 the company reached world-class customer service according to international benchmarks of customer satisfaction.

Traffic volume steadily increased to Tele2 Norway's own network during the quarter and the network roll-out continued to progress according to plan, covering 72 percent of the population at the end of Q3 2013. The 4G/LTE upgrade is on-going with a primary focus on the largest cities and urban areas. Tele2 is currently roaming with two partners in Norway. Both contracts expire in 2014, and negotiations aimed at selecting one roaming partner started during the quarter.

The framework for the upcoming 4G/LTE frequency auction was announced in August, and the frequencies will most likely be available from the 1st of January 2014. The licenses will be valid until December 2033.

Fixed telephony Fixed telephony showed a stable development of net sales and profitability during Q3 2013. Fixed telephony had an EBITDA contribution of SEK 4 (11) million in the quarter. Tele2 Norway reported an EBITDA margin of 8 (17) percent in Q3 2013.

Kazakhstan

Mobile In Q3 2013, Tele2 Kazakhstan continued to focus on revenue growth and on improving the quality of its customer base. Revenue market share reached 9 (6) percent at the end of the quarter.

Net sales amounted to SEK 357 (270) million, growing by 32 percent compared to the same period last year. The underlying mobile service revenue increased by 48 percent in the quarter.

Tele2 Kazakhstan had a net intake of -14,000 (589,000). The negative net intake in Q3 2013 was due to continued higher churn. In the quarter Tele2 Kazakhstan introduced several measures, such as moving from a fixed dealer commission to revenue sharing schemes, in order to attract better quality customers. A short-term negative outcome of the changed commission scheme was lower gross additions in the quarter.

The gross margin development saw further improvement in the quarter compared to the same period last year thanks to a better interconnect environment and data revenue growth. The company will keep working towards getting more competitive interconnect levels in the country to lay the foundation for even more attractively priced offerings in the market.

Tele2 Kazakhstan continued its rapid network extension in Q3 2013. During the quarter the number of base stations increased by more than 150, reaching a total population coverage of 84 percent. Tele2 Kazakhstan focused on expanding network coverage and improving network quality in all regions of the country.

Additionally, Tele2 Kazakhstan launched 7 new stores providing a full range of customer services.

Croatia

Mobile Tele2 Croatia, recognised by customers as the best value operator in the market, continued to focus on profitable growth and on strengthening its market position during the quarter.

Driven by strong marketing campaigns in the postpaid segment as well as a good tourist season, Tele2 Croatia delivered further growth in terms of net intake in Q3 2013, continuously augmenting its customer base.

Tele2 Croatia ended the quarter with a net intake of 50,000 (33,000) customers and net sales increased by 4 percent to SEK 372 (357) million compared to Q3 2012. EBITDA development improving steadily in the quarter and amounted to SEK 48 (34) million. Despite that, an impairment loss was recognized in Croatia amounting to SEK -454 (-250) million (see Note 2).

Lithuania

Mobile Tele2 Lithuania showed good performance during Q3 2013. Despite fierce competition, Tele2 Lithuania further strengthened its market leadership position by adding 54,000 (38,000) new customers during the quarter, handling the prepaid to postpaid migration efficiently.

Net sales increased by 10 percent to SEK 334 (303) million compared to the same period last year due to improved customer intake and better customer base management, despite the negative impact derived from lower interconnect rates.

In Q3 2013, Tele2 Lithuania had a healthy EBITDA margin of 33 (35) percent, as a result of successful acquisition and retention management, leading to low churn rates.

The company was able to further enhance its quality perception, reaching the best score of 70 percent among the other mobile operators in August 2013.

Due to intensified price pressure from competition, Tele2 Lithuania will focus on further improving its retention activities. Furthermore, the company will continue to aggressively grow its market share in the business segment, benefiting from general price sensitivity among private companies and state-owned organizations.

Tele2 Lithuania successfully upgraded 65 percent of its network through a network swap of old equipment. The rest of the network will be upgraded by the end of Q1 2014. The upgrade will then enable Tele2 Lithuania to provide all possible network services including 2G, 3G and 4G.

Latvia

Mobile Tele2 Latvia showed stabilizing financial performance during Q3 2013. Despite fierce competition, Tele2 Latvia further strengthened its market leadership position by adding 24,000 (21,000) new customers year on year, also handling the prepaid to postpaid migration efficiently.

In Q3 2013, the EBITDA margin amounted to 31 (34) percent, affected by continuous strong competition in the market.

Tele2 Latvia launched several services unique on the Latvian market - music streaming, credit check, software protection and others - to ensure future revenue growth and customer satisfaction. During the quarter Tele2 Latvia also deployed new best-in-class customer care solutions.

Tele2 Latvia successfully upgraded 95 percent of its network through a network swap of old equipment. The remaining part of the network will be upgraded by the end of the year. By running an advanced mobile technology platform, Tele2 Latvia will be able to provide all possible services including 2G, 3G and 4G in the country.

The company will continue to keep its active position in the market while maintaining its focus on efficiency, customer satisfaction and future development, and ensuring a smooth transition to the euro currency as of 2014.

Estonia

Mobile Tele2 Estonia showed satisfactory financial performance during Q3 2013 under very difficult market conditions.

Net sales increased by 10 percent to SEK 163 million compared to SEK 148 in Q2 2013, as Tele2 Estonia carried out price changes for both data and voice services. As an example, Internet pricing without data bucket was modified from price per MB to price per day. Those changes were well received in the market.

The mobile customer base grew by 7,000 customers (11,000) due to better customer base management, and despite the negative impact derived from mobile number portability results.

As a consequence, Tele2 Estonia sequentially improved its EBITDA by 18 percent compared to Q2 2013.

Tele2 Estonia is participating in the auction for three licenses in the 800 MHz bandwidth. The process is expected to be finalized by the end of this year or at the beginning of 2014.

Tele2 Estonia successfully upgraded the first part of its network through a network swap of old equipment. The rest of the network will be upgraded by the end of Q2 2014. The upgrade will then enable Tele2 Estonia to provide all possible network services including 2G, 3G and 4G to Estonian customers.

Austria

Tele2 Austria showed sequentially stable EBITDA in Q3 2013 due to net sales in line with expectations and consistent cost management. The company will maintain its efforts to find alternatives for growth within the field, for instance, of convergent solutions for mobile and fixed in the business segment.

Tele2 Austria continued to work on improving customer satisfaction, with an average result of 85 percent in the quarter.

Fixed broadband The up-selling to higher bandwidths products in different channels continued with good conversion rates. In addition to the retention campaigns this contributed to securing a customer base and net sales higher than forecasted.

Fixed telephony Successful up- and cross-selling campaigns to higher ARPU products drove good performance in the quarter.

Germany

In Q3 2013, Tele2 Germany showed stabilizing results in the fixed and broadband segments. Furthermore, Tele2 Germany showed a stronger performance in the acquisition of new mobile customers, supporting its transition from a fixed centric to a fixed and mobile service provider.

Mobile During the quarter, the expansion of the mobile product portfolio and the roll-out of sales channels and activities catered to the important demand of mobile voice-only users as well as the increasing demand of smartphone users. As a consequence, the mobile customer base showed an accelerated growth throughout the quarter.

Net sales grew by 58 percent to SEK 82 (52) million. EBITDA amounted to SEK -25 (2) million, impacted by marketing expenses related to the launch of the new mobile initiative.

Fixed Broadband The fixed broadband segment continued to achieve a better-than-planned customer base development. Thus Tele2 Germany managed to maintain a financial performance above expectations, which was mainly driven by the strong profitability of the ADSL wholesale customers.

Fixed Telephony The general decline of the fixed market in Germany persisted in Q3 2013.

Nevertheless, Tele2 Germany was able to keep high levels of cash flow in that segment. The trend of fixed telephony customers migrating to higher ARPU fixed-via-mobile products also continued throughout the quarter.

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 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 2012 (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 2014

The 2014 Annual General Meeting will be held on May 13, 2014 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to 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 2014 Annual General Meeting

In accordance with the resolution of the 2013 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee consisting of members appointed by the largest shareholders in

Tele2 (wishing to appoint a member). The Nomination Committee is comprised of Cristina Stenbeck appointed by Investment AB Kinnevik; Åsa Nisell appointed by Swedbank Robur funds; Hans Ek appointed by SEB Investment Management. 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. 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 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, 2013 on February 7, 2014.

Stockholm, October 22, 2013

Tele2 AB

Mats Granryd
President and CEO

Review Report

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

Q3 2013 PRESENTATION

Tele2 will host a presentation – with the possibility to join through a conference call – for the global financial community at 10:00 am CEST (09:00 am BST/04:00 am EDT) on Tuesday, October 22, 2013. The presentation will be held in English and also made available as an audio-cast on Tele2’s dedicated Q3 2013 website, <http://reports.tele2.com/2013/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

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TELE2 IS ONE OF EUROPE’S FASTEST GROWING TELECOM OPERATORS, ALWAYS PROVIDING CUSTOMERS WITH WHAT THEY NEED FOR LESS.

We have 15 million customers in 10 countries. Tele2 offers mobile services, fixed broadband and fixed 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 2012, we had net sales of SEK 31 billion and reported an operating profit (EBITDA) of SEK 6 billion.

Income statement

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2012 Q3
CONTINUING OPERATIONS						
Net sales		22,303	22,869	30,742	7,529	7,649
Cost of services sold	2	-13,941	-14,309	-19,159	-4,995	-4,786
Gross profit		8,362	8,560	11,583	2,534	2,863
Selling expenses	2	-4,887	-4,875	-6,554	-1,674	-1,563
Administrative expenses	2	-1,936	-2,361	-3,144	-652	-962
Result from shares in associated companies		-14	-3	-7	-3	-4
Other operating income		145	150	190	42	40
Other operating expenses		-64	-72	-93	-22	-33
Operating profit, EBIT		1,606	1,399	1,975	225	341
Interest income/costs	3	-301	-374	-494	-123	-130
Other financial items	4	-151	16	-59	-62	34
Profit after financial items, EBT		1,154	1,041	1,422	40	245
Income tax	5	-668	-281	-446	-234	38
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		486	760	976	-194	283
DISCONTINUED OPERATIONS						
Net profit from discontinued operations	10	13,935	1,939	2,288	23	697
NET PROFIT/LOSS		14,421	2,699	3,264	-171	980
ATTRIBUTABLE TO						
Equity holders of the parent company		14,421	2,699	3,264	-171	980
Earnings per share (SEK)	9	32.40	6.07	7.34	-0.39	2.20
Earnings per share, after dilution (SEK)	9	32.19	6.04	7.30	-0.40	2.19
FROM CONTINUING OPERATIONS						
ATTRIBUTABLE TO						
Equity holders of the parent company		486	760	976	-194	283
Earnings per share (SEK)	9	1.10	1.71	2.20	-0.42	0.64
Earnings per share, after dilution (SEK)	9	1.09	1.70	2.18	-0.43	0.63

Comprehensive income

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2012 Q3
Net profit/loss		14,421	2,699	3,264	-171	980
OTHER COMPREHENSIVE INCOME						
Components not to be reclassified to net profit/loss						
Pensions, actuarial gains/losses		8	–	-49	8	–
Pensions, actuarial gains/losses, tax effect		-2	–	8	-2	–
Total components not to be reclassified to net profit/loss		6	–	-41	6	–
Components that may be reclassified to net profit/loss						
Exchange rate differences		-96	-584	-358	-271	-487
Exchange rate differences, tax effect	5	-44	-891	1,857	30	-527
Reversed cumulative exchange rate differences from divested companies	10	1,717	16	16	-17	–
Cash flow hedges		92	-28	-37	8	-47
Cash flow hedges, tax effect		-20	7	1	-2	12
Total components that may be reclassified to net profit/loss		1,649	-1,480	1,479	-252	-1,049
Other comprehensive income for the period, net of tax		1,655	-1,480	1,438	-246	-1,049
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		16,076	1,219	4,702	-417	-69
ATTRIBUTABLE TO						
Equity holders of the parent company		16,076	1,219	4,702	-417	-69

Change in equity

SEK million	Note	Sep 30, 2013			Sep 30, 2012			Dec 31, 2012		
		Attributable to		Total equity	Attributable to		Total equity	Attributable to		Total 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	
Equity, January 1		20,426	3	20,429	21,449	3	21,452	21,449	3	21,452
Net profit for the period		14,421	–	14,421	2,699	–	2,699	3,264	–	3,264
Other comprehensive income for the period, net of tax		1,655	–	1,655	-1,480	–	-1,480	1,438	–	1,438
Total comprehensive income for the period		16,076	–	16,076	1,219	–	1,219	4,702	–	4,702
Other changes in equity										
Share-based payments	9	7	–	7	34	–	34	50	–	50
Share-based payments, tax effect	9	10	–	10	–	–	–	–	–	–
Sale of own shares	9	–	–	–	6	–	6	6	–	6
Dividends	9	-3,163	–	-3,163	-5,781	–	-5,781	-5,781	–	-5,781
Redemption of shares	9	-12,474	–	-12,474	–	–	–	–	–	–
Purchase of non-controlling interests	9	–	-1	-1	–	–	–	–	–	–
EQUITY, END OF PERIOD		20,882	2	20,884	16,927	3	16,930	20,426	3	20,429

Balance sheet

SEK million	Note	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
ASSETS				
NON-CURRENT ASSETS				
Goodwill	2	9,329	10,012	10,174
Other intangible assets	2	5,097	5,417	5,540
Intangible assets		14,426	15,429	15,714
Tangible assets	2	11,497	17,636	18,079
Financial assets	3	103	92	105
Deferred tax assets	5	3,012	2,498	4,263
NON-CURRENT ASSETS		29,038	35,655	38,161
CURRENT ASSETS				
Inventories		339	414	473
Current receivables		7,969	8,519	8,823
Current investments		50	54	59
Cash and cash equivalents	8	1,024	632	1,673
CURRENT ASSETS		9,382	9,619	11,028
ASSETS		38,420	45,274	49,189
EQUITY AND LIABILITIES				
EQUITY				
Attributable to equity holders of the parent company		20,882	16,927	20,426
Non-controlling interests		2	3	3
EQUITY	9	20,884	16,930	20,429
NON-CURRENT LIABILITIES				
Interest-bearing liabilities	3	6,158	12,132	13,240
Non-interest-bearing liabilities	5	563	1,717	933
NON-CURRENT LIABILITIES		6,721	13,849	14,173
CURRENT LIABILITIES				
Interest-bearing liabilities	3	3,280	4,560	4,272
Non-interest-bearing liabilities		7,535	9,935	10,315
CURRENT LIABILITIES		10,815	14,495	14,587
EQUITY AND LIABILITIES		38,420	45,274	49,189

Cash flow statement

(Total operations)

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
OPERATING ACTIVITIES										
Operating profit	2	15,753	4,129	5,653	248	13,926	1,579	1,524	1,317	1,429
Adjustments for non-cash items in operating profit		-10,032	3,917	5,071	1,286	-12,426	1,108	1,154	1,414	1,300
Financial items paid		-314	-235	-598	-132	-69	-113	-363	-6	-170
Taxes paid		-370	-492	-989	-31	-7	-332	-497	-178	-112
Cash flow from operations before changes in working capital		5,037	7,319	9,137	1,371	1,424	2,242	1,818	2,547	2,447
Changes in working capital		-744	-455	-458	-14	-63	-667	-3	231	-257
CASH FLOW FROM OPERATING ACTIVITIES		4,293	6,864	8,679	1,357	1,361	1,575	1,815	2,778	2,190
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX	6	-4,228	-3,323	-4,609	-862	-905	-2,461	-1,286	-1,076	-1,417
Cash flow after CAPEX		65	3,541	4,070	495	456	-886	529	1,702	773
Acquisition and sale of shares and participations	10	17,232	-230	-246	-52	17,392	-108	-16	1	-7
Other financial assets		13	30	31	1	8	4	1	2	2
Cash flow from investing activities		13,017	-3,523	-4,824	-913	16,495	-2,565	-1,301	-1,073	-1,422
CASH FLOW AFTER INVESTING ACTIVITIES		17,310	3,341	3,855	444	17,856	-990	514	1,705	768
FINANCING ACTIVITIES										
Change of loans, net	3	-2,264	1,987	2,498	-159	-1,876	-229	511	-2,256	5,594
Dividends	9	-3,163	-5,781	-5,781	-	-3,163	-	-	-	-5,781
Redemption of shares	9	-12,474	-	-	-	-12,474	-	-	-	-
Other financing activities	9	-94	6	6	-	-	-94	-	-	2
Cash flow from financing activities		-17,995	-3,788	-3,277	-159	-17,513	-323	511	-2,256	-185
NET CHANGE IN CASH AND CASH EQUIVALENTS		-685	-447	578	285	343	-1,313	1,025	-551	583
Cash and cash equivalents at beginning of period		1,673	1,026	1,026	740	386	1,673	632	1,147	546
Exchange rate differences in cash and cash equivalents		36	53	69	-1	11	26	16	36	18
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	1,024	632	1,673	1,024	740	386	1,673	632	1,147

Number of customers

by thousands	Note	Number of customers		Net intake								
		2013 Sep 30	2012 Sep 30	2013 Jan 1– Sep 30	2012 Jan 1– Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Sweden												
Mobile		3,803	3,795	46	71	33	60	20	-34	-38	34	58
Fixed broadband		472	486	-12	12	10	-2	3	-13	-2	3	4
Fixed telephony	1	289	454	-52	-90	-203	-15	-16	-21	-113	-27	-29
		4,564	4,735	-18	-7	-160	43	7	-68	-153	10	33
Netherlands												
Mobile		640	423	162	96	151	56	49	57	55	51	32
Fixed broadband		385	438	-36	-37	-54	-12	-10	-14	-17	-13	-6
Fixed telephony		114	149	-27	-33	-41	-6	-10	-11	-8	-8	-12
		1,139	1,010	99	26	56	38	29	32	30	30	14
Norway												
Mobile	1	1,126	1,121	23	55	70	5	22	-4	15	16	23
Fixed telephony		70	84	-11	-8	-11	-3	-4	-4	-3	-2	-3
		1,196	1,205	12	47	59	2	18	-8	12	14	20
Kazakhstan												
Mobile	1	3,148	3,051	547	1,680	2,041	-14	309	252	361	589	759
		3,148	3,051	547	1,680	2,041	-14	309	252	361	589	759
Croatia												
Mobile		839	798	85	88	44	50	13	22	-44	33	43
		839	798	85	88	44	50	13	22	-44	33	43
Lithuania												
Mobile		1,865	1,788	82	67	62	54	16	12	-5	38	20
Fixed telephony		-	-	-	-2	-2	-	-	-	-	-2	-
		1,865	1,788	82	65	60	54	16	12	-5	36	20
Latvia												
Mobile		1,075	1,042	32	23	24	24	11	-3	1	21	11
		1,075	1,042	32	23	24	24	11	-3	1	21	11
Estonia												
Mobile		514	520	8	16	2	7	2	-1	-14	11	3
Fixed telephony		4	5	-1	-3	-3	-	-1	-	-	-	-1
		518	525	7	13	-1	7	1	-1	-14	11	2
Austria												
Fixed broadband		120	129	-7	-5	-7	-2	-2	-3	-2	-1	-2
Fixed telephony		173	196	-18	-35	-40	-5	-6	-7	-5	-7	-9
		293	325	-25	-40	-47	-7	-8	-10	-7	-8	-11
Germany												
Mobile		156	97	46	52	65	21	13	12	13	14	17
Fixed broadband		73	85	-9	-15	-18	-2	-3	-4	-3	-5	-3
Fixed telephony		483	667	-111	-168	-241	-10	-76	-25	-73	-54	-87
		712	849	-74	-131	-194	9	-66	-17	-63	-45	-73
TOTAL												
Mobile		13,166	12,635	1,031	2,148	2,492	263	455	313	344	807	966
Fixed broadband		1,050	1,138	-64	-45	-69	-18	-12	-34	-24	-16	-7
Fixed telephony		1,133	1,555	-220	-339	-541	-39	-113	-68	-202	-100	-141
TOTAL NUMBER OF CUSTOMERS AND NET INTAKE		15,349	15,328	747	1,764	1,882	206	330	211	118	691	818
Acquired companies	10			-	14	14	-	-	-	-	-	-
Changed method of calculation	1			-844	-	-	-	-844	-	-	-	-
TOTAL NUMBER OF CUSTOMERS AND NET CHANGE		15,349	15,328	-97	1,778	1,896	206	-514	211	118	691	818

Net sales

SEK million	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Sweden									
Mobile	7,485	7,417	10,002	2,508	2,540	2,437	2,585	2,522	2,516
Fixed broadband	1,066	1,089	1,440	334	349	383	351	359	365
Fixed telephony	653	880	1,141	203	218	232	261	281	295
Other operations	99	86	120	35	33	31	34	27	33
	9,303	9,472	12,703	3,080	3,140	3,083	3,231	3,189	3,209
Netherlands									
Mobile	1,235	632	920	463	417	355	288	234	213
Fixed broadband	1,981	2,312	3,043	646	650	685	731	709	790
Fixed telephony	420	504	662	135	142	143	158	151	173
Other operations	428	491	644	139	141	148	153	150	169
	4,064	3,939	5,269	1,383	1,350	1,331	1,330	1,244	1,345
Norway									
Mobile	2,945	3,314	4,467	974	989	982	1,153	1,117	1,137
Fixed broadband	–	4	4	–	–	–	–	1	2
Fixed telephony	196	240	316	59	67	70	76	75	81
Other operations	4	–	–	2	–	2	–	–	–
	3,145	3,558	4,787	1,035	1,056	1,054	1,229	1,193	1,220
Kazakhstan									
Mobile	979	663	957	357	333	289	294	270	228
	979	663	957	357	333	289	294	270	228
Croatia									
Mobile	1,001	961	1,321	372	333	296	360	357	337
	1,001	961	1,321	372	333	296	360	357	337
Lithuania									
Mobile	960	907	1,213	336	329	295	306	306	310
	960	907	1,213	336	329	295	306	306	310
Latvia									
Mobile	693	763	1,044	234	221	238	281	265	258
	693	763	1,044	234	221	238	281	265	258
Estonia									
Mobile	450	614	825	163	148	139	211	207	211
Fixed telephony	8	5	7	3	2	3	2	1	2
Other operations	44	39	54	16	14	14	15	17	12
	502	658	886	182	164	156	228	225	225
Austria									
Fixed broadband	608	658	874	204	202	202	216	209	222
Fixed telephony	143	173	228	46	47	50	55	52	58
Other operations	187	188	251	63	62	62	63	61	63
	938	1,019	1,353	313	311	314	334	322	343
Germany									
Mobile	222	132	192	82	74	66	60	52	44
Fixed broadband	131	157	205	43	43	45	48	48	53
Fixed telephony	288	432	549	88	97	103	117	123	147
	641	721	946	213	214	214	225	223	244
Other									
Other operations	115	256	324	40	36	39	68	70	85
	115	256	324	40	36	39	68	70	85
TOTAL									
Mobile	15,970	15,403	20,941	5,489	5,384	5,097	5,538	5,330	5,254
Fixed broadband	3,786	4,220	5,566	1,227	1,244	1,315	1,346	1,326	1,432
Fixed telephony	1,708	2,234	2,903	534	573	601	669	683	756
Other operations	877	1,060	1,393	295	286	296	333	325	362
	22,341	22,917	30,803	7,545	7,487	7,309	7,886	7,664	7,804
Internal sales, elimination	–38	–48	–61	–16	–11	–11	–13	–15	–17
TOTAL	22,303	22,869	30,742	7,529	7,476	7,298	7,873	7,649	7,787

Internal sales

SEK million	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Sweden									
Mobile	6	3	5	2	1	3	2	–	–
	6	3	5	2	1	3	2	–	–
Netherlands									
Other operations	1	2	2	–	1	–	–	1	1
	1	2	2	–	1	–	–	1	1
Norway									
Fixed telephony	14	31	38	6	4	4	7	9	12
	14	31	38	6	4	4	7	9	12
Lithuania									
Mobile	7	6	8	2	3	2	2	3	2
	7	6	8	2	3	2	2	3	2
Latvia									
Mobile	8	6	8	4	2	2	2	2	2
	8	6	8	4	2	2	2	2	2
Other									
Other operations	2	–	–	2	–	–	–	–	–
	2	–	–	2	–	–	–	–	–
TOTAL									
Mobile	21	15	21	8	6	7	6	5	4
Fixed telephony	14	31	38	6	4	4	7	9	12
Other operations	3	2	2	2	1	–	–	1	1
TOTAL	38	48	61	16	11	11	13	15	17

EBITDA

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Sweden										
Mobile	2	2,249	2,121	2,869	760	757	732	748	828	637
Fixed broadband	2	88	79	93	49	19	20	14	35	12
Fixed telephony	2	188	255	327	61	62	65	72	89	90
Other operations		65	51	76	30	18	17	25	14	27
		2,590	2,506	3,365	900	856	834	859	966	766
Netherlands										
Mobile		-46	-6	-34	-22	-2	-22	-28	5	-11
Fixed broadband		637	786	1,040	192	216	229	254	248	265
Fixed telephony		107	177	235	35	38	34	58	60	59
Other operations		211	231	308	66	69	76	77	73	80
		909	1,188	1,549	271	321	317	361	386	393
Norway										
Mobile		111	197	169	49	35	27	-28	101	81
Fixed broadband		-	1	1	-	-	-	-	-	1
Fixed telephony		23	32	44	4	9	10	12	11	11
Other operations		4	-	-	2	-	2	-	-	-
		138	230	214	55	44	39	-16	112	93
Kazakhstan										
Mobile		-131	-304	-387	-34	-52	-45	-83	-102	-105
		-131	-304	-387	-34	-52	-45	-83	-102	-105
Croatia										
Mobile		73	51	60	48	22	3	9	34	10
		73	51	60	48	22	3	9	34	10
Lithuania										
Mobile		359	345	432	109	133	117	87	106	118
		359	345	432	109	133	117	87	106	118
Latvia										
Mobile		220	269	358	72	69	79	89	90	91
		220	269	358	72	69	79	89	90	91
Estonia										
Mobile		96	160	205	33	28	35	45	51	55
Fixed telephony		3	-	-	1	2	-	-	-	-
Other operations		25	22	31	9	6	10	9	9	10
		124	182	236	43	36	45	54	60	65
Austria										
Fixed broadband		147	149	197	48	45	54	48	58	43
Fixed telephony		81	95	123	26	26	29	28	31	32
Other operations		15	11	13	3	6	6	2	6	3
		243	255	333	77	77	89	78	95	78
Germany										
Mobile		-28	21	15	-25	-5	2	-6	2	7
Fixed broadband		9	21	26	2	3	4	5	5	8
Fixed telephony		125	195	237	41	39	45	42	59	65
		106	237	278	18	37	51	41	66	80
Other										
Other operations		-102	-163	-198	-36	-25	-41	-35	-42	-70
		-102	-163	-198	-36	-25	-41	-35	-42	-70
TOTAL										
Mobile		2,903	2,854	3,687	990	985	928	833	1,115	883
Fixed broadband		881	1,036	1,357	291	283	307	321	346	329
Fixed telephony		527	754	966	168	176	183	212	250	257
Other operations		218	152	230	74	74	70	78	60	50
TOTAL		4,529	4,796	6,240	1,523	1,518	1,488	1,444	1,771	1,519

EBIT

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Sweden										
Mobile	2	1,487	1,268	1,780	497	508	482	512	596	320
Fixed broadband	2	-145	-153	-219	-28	-59	-58	-66	-43	-67
Fixed telephony	2	169	225	288	57	54	58	63	79	80
Other operations		24	18	32	14	6	4	14	3	15
		1,535	1,358	1,881	540	509	486	523	635	348
Netherlands										
Mobile		-69	-28	-64	-29	-11	-29	-36	-2	-15
Fixed broadband		281	412	545	74	97	110	133	130	133
Fixed telephony		94	164	219	30	34	30	55	56	55
Other operations		160	177	237	49	52	59	60	56	61
		466	725	937	124	172	170	212	240	234
Norway										
Mobile		-228	-116	-253	-76	-72	-80	-137	-2	-25
Fixed broadband		-	1	1	-	-	-	-	-	1
Fixed telephony		20	29	39	3	8	9	10	10	10
Other operations		3	-	-	1	-	2	-	-	-
		-205	-86	-213	-72	-64	-69	-127	8	-14
Kazakhstan										
Mobile		-295	-556	-691	-93	-106	-96	-135	-190	-189
		-295	-556	-691	-93	-106	-96	-135	-190	-189
Croatia										
Mobile		-10	-45	-65	21	-6	-25	-20	-	-22
		-10	-45	-65	21	-6	-25	-20	-	-22
Lithuania										
Mobile		269	217	259	80	102	87	42	63	76
		269	217	259	80	102	87	42	63	76
Latvia										
Mobile		133	97	142	49	43	41	45	35	30
		133	97	142	49	43	41	45	35	30
Estonia										
Mobile		26	62	67	8	5	13	5	18	21
Fixed telephony		3	-	-	2	1	-	-	-	-
Other operations		15	14	19	5	4	6	5	6	6
		44	76	86	15	10	19	10	24	27
Austria										
Fixed broadband		90	82	109	28	27	35	27	39	20
Fixed telephony		59	69	86	19	19	21	17	21	25
Other operations		1	-5	-8	-1	1	1	-3	-	-2
		150	146	187	46	47	57	41	60	43
Germany										
Mobile		-46	9	-2	-32	-11	-3	-11	-1	2
Fixed broadband		3	12	14	-	1	2	2	3	5
Fixed telephony		118	186	225	39	36	43	39	55	63
		75	207	237	7	26	42	30	57	70
Other										
Other operations		-111	-185	-227	-42	-25	-44	-42	-53	-73
		-111	-185	-227	-42	-25	-44	-42	-53	-73
TOTAL										
Mobile		1,267	908	1,173	425	452	390	265	517	198
Fixed broadband		229	354	450	74	66	89	96	129	92
Fixed telephony		463	673	857	150	152	161	184	221	233
Other operations		92	19	53	26	38	28	34	12	7
		2,051	1,954	2,533	675	708	668	579	879	530
One-off items	2	-445	-555	-558	-450	3	2	-3	-538	-18
TOTAL		1,606	1,399	1,975	225	711	670	576	341	512

EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
EBITDA		4,529	4,796	6,240	1,523	1,518	1,488	1,444	1,771	1,519
Impairment of goodwill and other assets	2	-454	-250	-249	-454	-	-	1	-250	-
Sale of operations		9	-15	-13	4	3	2	2	-	-16
Acquisition costs	10	-	-2	-2	-	-	-	-	-	-2
Other one-off items	2	-	-288	-294	-	-	-	-6	-288	-
Total one-off items		-445	-555	-558	-450	3	2	-3	-538	-18
Depreciation/amortization and other impairment		-2,464	-2,839	-3,700	-845	-806	-813	-861	-888	-991
Result from shares in associated companies		-14	-3	-7	-3	-4	-7	-4	-4	2
EBIT		1,606	1,399	1,975	225	711	670	576	341	512

CAPEX

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Sweden										
Mobile		540	636	907	144	211	185	271	177	236
Fixed broadband		130	160	206	42	36	52	46	44	87
Fixed telephony		6	4	5	3	2	1	1	1	1
Other operations		17	24	33	5	5	7	9	4	14
		693	824	1,151	194	254	245	327	226	338
Netherlands										
Mobile	6	1,400	10	32	18	11	1,371	22	5	3
Fixed broadband		240	263	333	93	80	67	70	76	105
Fixed telephony		6	4	11	1	2	3	7	2	–
Other operations		20	18	27	8	6	6	9	6	6
		1,666	295	403	120	99	1,447	108	89	114
Norway										
Mobile		574	407	572	266	158	150	165	132	176
Fixed telephony		15	8	6	8	5	2	–2	1	5
		589	415	578	274	163	152	163	133	181
Kazakhstan										
Mobile		394	516	749	142	164	88	233	238	158
		394	516	749	142	164	88	233	238	158
Croatia										
Mobile		33	28	54	12	17	4	26	17	6
		33	28	54	12	17	4	26	17	6
Lithuania										
Mobile		66	62	82	15	22	29	20	22	24
		66	62	82	15	22	29	20	22	24
Latvia										
Mobile		72	44	77	41	18	13	33	12	14
		72	44	77	41	18	13	33	12	14
Estonia										
Mobile		30	40	71	9	11	10	31	5	22
Other operations		2	3	8	1	1	–	5	1	2
		32	43	79	10	12	10	36	6	24
Austria										
Fixed broadband		28	25	43	13	9	6	18	10	8
Fixed telephony		23	14	22	10	7	6	8	6	5
Other operations		10	8	14	5	3	2	6	4	2
		61	47	79	28	19	14	32	20	15
Germany										
Mobile		18	17	26	5	6	7	9	2	6
Fixed broadband		2	1	2	–	2	–	1	–	1
Fixed telephony		2	1	1	2	–	–	–	–	–
		22	19	29	7	8	7	10	2	7
Other										
Other operations		361	346	465	111	126	124	119	103	128
		361	346	465	111	126	124	119	103	128
TOTAL										
Mobile		3,127	1,760	2,570	652	618	1,857	810	610	645
Fixed broadband		400	449	584	148	127	125	135	130	201
Fixed telephony		52	31	45	24	16	12	14	10	11
Other operations		410	399	547	130	141	139	148	118	152
TOTAL		3,989	2,639	3,746	954	902	2,133	1,107	868	1,009

CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION								
	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
CAPEX, continuing operations	-3,989	-2,639	-3,746	-954	-902	-2,133	-1,107	-868	-1,009
CAPEX, discontinued operations	-365	-1,219	-1,590	-	-	-365	-371	-361	-577
This year's unpaid CAPEX and paid CAPEX from previous year	38	345	518	78	-20	-20	173	-3	155
Received payment of sold non-current assets	88	190	209	14	17	57	19	156	14
Paid CAPEX	-4,228	-3,323	-4,609	-862	-905	-2,461	-1,286	-1,076	-1,417

Key ratios

SEK million	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012	2011	2010	2009
CONTINUING OPERATIONS						
Net sales	22,303	22,869	30,742	29,538	30,443	32,296
Number of customers (by thousands)	15,349	15,328	15,446	13,550	12,445	12,128
EBITDA	4,529	4,796	6,240	6,760	7,083	7,154
EBIT	1,606	1,399	1,975	3,634	4,257	3,961
EBT	1,154	1,041	1,422	3,681	3,855	3,707
Net profit	486	760	976	2,741	4,121	3,446
Key ratios						
EBITDA margin, %	20.3	21.0	20.3	22.9	23.7	22.2
EBIT margin, %	7.2	6.1	6.4	12.3	14.0	12.3
Value per share (SEK)						
Net profit	1.10	1.71	2.20	4.63	9.34	7.21
Net profit after dilution	1.09	1.70	2.18	4.60	9.30	7.20
TOTAL						
Equity	20,884	16,930	20,429	21,452	28,875	28,823
Equity after dilution	20,884	16,930	20,429	21,455	28,894	28,823
Total assets	38,420	45,274	49,189	46,864	42,085	43,005
Cash flow from operating activities	4,293	6,864	8,679	9,690	9,966	9,427
Cash flow after CAPEX	65	3,541	4,070	4,118	6,008	4,635
Available liquidity	12,213	11,855	12,933	9,986	13,254	12,520
Net debt	8,346	15,988	15,745	13,518	3,417	4,013
Investments in intangible and tangible assets, CAPEX	4,354	3,858	5,336	6,105	4,095	4,891
Investments in shares, current investments etc	-17,245	200	215	1,563	1,424	-3,709
Key ratios						
Equity/assets ratio, %	54	37	42	46	69	67
Debt/equity ratio, multiple	0.40	0.94	0.77	0.63	0.12	0.14
Return on equity, %	70.6	18.8	15.6	18.9	24.0	16.3
Return on equity after dilution, %	70.6	18.8	15.6	18.9	24.0	16.3
Return on capital employed, %	47.9	15.9	15.3	20.4	22.2	16.7
Average interest rate, %	5.4	6.9	6.7	6.2	7.3	5.9
Value per share (SEK)						
Net profit	32.40	6.07	7.34	10.69	15.67	10.57
Net profit after dilution	32.19	6.04	7.30	10.63	15.61	10.55
Equity	46.91	38.09	45.95	48.33	65.44	65.31
Equity after dilution	46.61	37.87	45.68	48.09	65.23	65.18
Cash flow from operating activities	9.64	15.44	19.53	21.83	22.59	21.41
Dividend, ordinary	–	–	7.10	6.50	6.00	3.85
Extraordinary dividend	–	–	–	6.50	21.00	2.00
Redemption	28.00	–	–	–	–	–
Market price at closing day	82.20	119.20	117.10	133.90	139.60	110.20

Parent company

INCOME STATEMENT

SEK million	Note	2013 Jan 1–Sep 30	2012 Jan 1–Sep 30	2012 Full year
Net sales		34	36	49
Administrative expenses	9	-70	-104	-135
Operating loss, EBIT		-36	-68	-86
Exchange rate difference on financial items		125	54	22
Net interest expenses and other financial items		-197	-71	-116
Loss after financial items, EBT		-108	-85	-180
Appropriations, group contribution		-	-	163
Tax on profit/loss		28	20	-5
NET LOSS		-80	-65	-22

BALANCE SHEET

SEK million	Note	Sep 30, 2013	Dec 31, 2012	Dec 31, 2011 (see Note 9)
ASSETS				
NON-CURRENT ASSETS				
Financial assets	9	15,498	32,315	33,915
NON-CURRENT ASSETS		15,498	32,315	33,915
CURRENT ASSETS				
Current receivables	9	58	237	4,548
Cash and cash equivalents		-	2	3
CURRENT ASSETS		58	239	4,551
ASSETS		15,556	32,554	38,466
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity	9	5,546	5,546	17,546
Unrestricted equity	9	3,035	18,670	12,467
EQUITY		8,581	24,216	30,013
NON-CURRENT LIABILITIES				
Interest-bearing liabilities	3	5,308	5,663	8,221
NON-CURRENT LIABILITIES		5,308	5,663	8,221
CURRENT LIABILITIES				
Interest-bearing liabilities	3	1,590	2,586	172
Non-interest-bearing liabilities	9	77	89	60
CURRENT LIABILITIES		1,667	2,675	232
EQUITY AND LIABILITIES		15,556	32,554	38,466

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and the interim report for the parent company has been 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 new and amended IFRS standards and IFRIC interpretations (IFRS 13, IAS 19 and Annual Improvements), which became effective January 1, 2013, have had no material effect on the consolidated financial statements.

From January 1, 2013 the long-term incentive programs are also reported in the parent company's financial statements. The comparable periods are re-presented and the effects on the parent company's financial statements are stated in Note 9. There are no effects on the Group's financial statements.

In all other respects, Tele2 has presented its interim report in accordance with the accounting principles and calculation methods used in the 2012 Annual Report. The description of these principles and definitions is found in the 2012 Annual Report.

NOTE 1 CUSTOMERS

In Q2 2013, the mobile customer stock was negatively impacted by a one-time adjustment of -844,000 customers as a result of a changed method of calculation for number of customers so a customer with only incoming calls to its mailbox will no longer be counted as an active customer. -811,000 of the one-time adjustment related to Kazakhstan and -33,000 to Norway.

In Q4 2012, the fixed line customer stock in Sweden was negatively impacted with -87,000 customers as a result of the closing down of the dial-up internet service.

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.

DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q3 2013, an impairment loss was recognized in Croatia amounting to SEK 454 (250) million, of which goodwill SEK 0 (88) million and other fixed assets SEK 454 (162) million. The impairment loss was based on an estimated value in use of SEK 400 (800) million. Due to unsatisfactory development, Tele2 assesses that the estimated future profit levels do not support the previous book value. The negative effect has been reported as a one-off item for segment reporting purposes.

OTHER 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 Q3 2012 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 for segment reporting purposes.

NOTE 3 FINANCIAL ASSETS AND LIABILITIES

FINANCING

SEK million	Interest-bearing liabilities			
	Sep 30, 2013		Dec 31, 2012	
	Current	Non-current	Current	Non-current
Bonds RUB, Russia	-	-	-	5,555
Bonds NOK, Sweden	-	1,388	-	1,511
Bonds SEK, Sweden	1,000	3,294	-	3,544
Commercial papers, Sweden	473	-	2,377	-
Financial institutions	209	625	219	1,692
Put option, Kazakhstan	1,294	-	1,214	-
Other liabilities	304	851	462	938
Total interest-bearing liabilities	3,280	6,158	4,272	13,240

On October 11, 2013 Tele2 announced that together with its 12 core banks it has reduced the syndicated revolving credit facility from EUR 1.2 billion to EUR 0.8 billion. Further, the final maturity of the facility has been extended one year, to May 2018. One of the 12 banks in the syndicate chose not to participate in the new facility, making the number of banks 11. The new facility's size is more suitable for Tele2, following the sale of Tele2 Russia. On September 30, 2013 the facility was unutilized.

Under the Euro Medium-Term Note (EMTN) Program Tele2 issued the following bonds in Q1 2013:

- on January 3, 2013 a SEK 500 million bond with one single investor. The issue has an investor put/issuer call every third month and is therefore reported as short term funding. The bond has a floating rate coupon, and is not listed.
- on February 12, 2013 a SEK 250 million 7-year bond on the Swedish bond market with a coupon of three months STIBOR +2.45 percent. It is listed on the Luxembourg Stock Exchange.

For more detailed information concerning Tele2's financing please refer to 2012 Annual report Note 25.

The bonds in RUB have been sold as part of the sale of Tele2 Russia, see Note 10.

The Group has derivative contracts which are covered by master netting agreements. That means a right exists to set off assets and liabilities with the same party, which is not reflected in the accounting where gross accounting is applied. The value of reported derivatives at September 30, 2013 amounted on the asset side to SEK 5 (18) million and on the liabilities side to SEK 145 (209) million.

CLASSIFICATION AND FAIR VALUES

Tele2's financial assets consist mainly of receivables from end customers and resellers and cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds and accounts payables. Classification of financial assets and liabilities including their fair value is presented below. During the first nine months 2013, compared to year-end 2012, no transfers were made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions.

SEK million	Sep 30, 2013					
	Assets and liabilities at fair value through profit/loss	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost	Total reported value	Fair value
Other financial assets	14	34	–	–	48	48
Accounts receivables	–	3,254	–	–	3,254	3,254
Other current receivables	–	643	5	–	648	648
Current investments	–	50	–	–	50	50
Cash and cash equivalents	–	1,024	–	–	1,024	1,024
Total financial assets	14	5,005	5	–	5,024	5,024
Liabilities to financial institutions and similar liabilities	–	–	–	6,989	6,989	7,117
Other interest-bearing liabilities	1,294	–	145	407	1,846	1,838
Accounts payable	–	–	–	2,403	2,403	2,403
Other current liabilities	–	–	–	564	564	564
Total financial liabilities	1,294	–	145	10,363	11,802	11,922

SEK million	Dec 31, 2012					
	Assets and liabilities at fair value through profit/loss	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost	Total reported value	Fair value
Other financial assets	19	37	–	–	56	56
Accounts receivables	–	3,985	–	–	3,985	3,985
Other current receivables	–	649	18	–	667	667
Current investments	–	59	–	–	59	59
Cash and cash equivalents	–	1,673	–	–	1,673	1,673
Total financial assets	19	6,403	18	–	6,440	6,440
Liabilities to financial institutions and similar liabilities	–	–	–	14,898	14,898	14,655
Other interest-bearing liabilities	1,214	–	209	632	2,055	2,070
Accounts payable	–	–	–	3,488	3,488	3,488
Other current liabilities	–	–	–	1,008	1,008	1,008
Total financial liabilities	1,214	–	209	20,026	21,449	21,221

NOTE 4 OTHER FINANCIAL ITEMS

SEK million	2013 Jan 1– Sep 30	2012 Jan 1– Sep 30	2012 full year	2013 Q3	2012 Q3
Exchange rate differences, external	8	–25	–20	–6	–18
Exchange rate differences, intra-group	–36	158	116	–11	86
Change in fair value, put option Kazakhstan	–128	–125	–166	–47	–41
EUR net investment hedge, interest component	12	13	19	5	8
Gain on sale of shares and participations	–	2	2	–	1
Other financial expenses	–7	–7	–10	–3	–2
Total other financial items	–151	16	–59	–62	34

NOTE 5 TAXES

In Q4 2012, the tax expenses were negatively affected by SEK 127 million and positively affected by SEK 28 million, due to decreased tax rate in Sweden and increased tax rate in Luxembourg, respectively, from January 1, 2013.

In Q4 2012, certain intra-group loans in Luxembourg were restructured, which resulted in cumulative foreign exchange differences on the loans, reported in other comprehensive income are no longer taxable. Consequently, a deferred tax liability of SEK 2,425 million was reversed over other comprehensive income. The transaction had no cash flow or income statement effect.

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

NOTE 6 CAPEX

In Q1 2013, Tele2 Netherlands acquired two mobile licenses (2x10 MHz spectrum) in the 800 MHz band for SEK 1.4 billion. With the acquired spectrum in the 800 MHz band and earlier obtained spectrum in the 2,600 MHz band, the roll out is on going of the next generation 4G network, offering businesses and consumers higher speed and lower pricing for mobile broadband.

NOTE 7 CONTINGENT LIABILITIES

SEK million	Sep 30, 2013	Dec 31, 2012
Total contingent liabilities	–	–

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 Q3 2012 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 are stated in Note 29 in the Annual Report 2012.

NOTE 8 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	2013 Sep 30	2013 Jun 30	2013 Mar 31	2012 Dec 31	2012 Sep 30	2012 Jun 30
Cash and cash equivalents at end of the period in joint ventures	70	40	34	65	35	33

In Q4 2012 and in first nine months 2013, frequencies and sites were transferred from Tele2 and Telenor to their joint venture Net4Mobility. The transfer did not have any material effect on Tele2's financial statements. Apart from transactions with joint ventures, no other significant related party transactions were carried out during first nine months 2013. Related parties are presented in Note 36 of the Annual Report 2012.

NOTE 9 EQUITY AND NUMBER OF SHARES

	Sep 30, 2013	Dec 31, 2012
Number of shares		
Outstanding	445,497,600	444,661,211
In own custody	3,285,739	4,122,128
Weighted average	445,138,263	444,504,182
After dilution	448,601,280	447,579,409
Weighted average, after dilution	448,064,238	447,146,240

DIVIDEND/REDEMPTION

In Q2 2013, Tele2 paid to its shareholders a dividend of SEK 7.10 (13.00) per share for 2012, of which the ordinary dividend amounted to SEK 7.10 (6.50) per share and the extraordinary dividend amounted to SEK 0 (6.50) per share. This corresponded to a total of SEK 3,163 (5,781) million, of which an ordinary dividend of SEK 3,163 (2,890) million and an extraordinary dividend SEK 0 (2,890) million.

As a result of the sale of Tele2 Russia in April 2013 a mandatory share redemption program of SEK 28 per share was issued during Q2 2013, equivalent to SEK 12,474 million. The redemption program implied a share split where each share was split into two shares, of which one was a redemption share. Retirement of redemption shares in own custody of SEK 92 million was transferred to unrestricted equity. A bonus issue was performed in order to increase the share capital to its prior level, SEK 561 million, through a transfer of SEK 280 million from unrestricted equity. Thereafter, the quota value of each share amounts to SEK 1.25, the same as prior to the share redemption program. In total SEK 15,637 million has been paid to the shareholders in May 2013 as dividend and redemption.

SALE OF SHARES

As a result of share rights in the LTI 2010 (2009) being exercised during Q2 2013, Tele2 delivered 836,389 (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 Q1 and Q3 2013, 15 (1,194) and 726,650 (875) class A shares respectively were reclassified into class B shares in Tele2.

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.

PURCHASE OF NON-CONTROLLING INTEREST

In February 2013, Tele2 acquired the remaining 7.76 percent of the shares in the subsidiary Officer AS in Norway for SEK 1 million.

In July 2009 and January 2010, Tele2 acquired the remaining 25.5 and 12.5 percent respectively of the shares in Tele2 Izhevsk and Tele2 Rostov in Russia. The final purchase price of SEK 3 and 90 million respectively were paid in Q1 2013.

LONG-TERM INCENTIVE PROGRAM (LTI)

Additional information related to LTI programs are presented in Note 33 of the Annual Report 2012.

LTI 2013

	2013 Jan 1–Sep 30
Number of share rights	
Allocated June 4, 2013	1,204,128
Forfeited	-40,000
Total outstanding share rights	1,164,128

During the Extraordinary General Meeting held on May 13, 2013, the shareholders approved a performance-based incentive program (the Plan) for senior executives and other key employees in the Tele2 Group. The Plan has the same structure as last year's incentive program.

The objective of the Plan is to create conditions for retaining competent employees in the Tele2 Group. The Plan has been designed based on the view that it is desirable that senior executives and other key employees within the Group are shareholders in Tele2 AB. By offering an allotment of retention rights and performance rights which are based on profits and other retention and performance-based conditions, the participants are rewarded for increasing shareholder value. Furthermore, the Plan rewards employees' loyalty and long-term growth in the Group. In that context, the Board of Directors is of the opinion that the Plan will have a positive effect on the future development of the Tele2 Group and thus be beneficial to both the company and its shareholders.

The incentive program included a total of 204 senior executives and other key employees within the Tele2 Group. In general, the participants in the Plan are required to own shares in Tele2. Thereafter, the participants were granted retention rights and performance rights free of charge. As a consequence of market conditions, employees in Kazakhstan were offered to participate in the Plan without being required to hold shares in Tele2. In such cases, the number of allotted rights has been reduced, and corresponds to 37.5 percent of the number of rights allotted for participation with a personal investment.

Subject to the fulfilment of certain retention and performance-based conditions during the period April 1, 2013 - March 31, 2016 (the measurement period), the participant maintaining employment within the Tele2 Group at the release of the interim report January - March 2016 and subject to the participant maintaining the invested shares (where applicable) during the vesting period, each right entitles the employee to receive one Class B share in the company. Dividends paid on the underlying share will increase the number of shares that each retention and performance right entitles to in order to treat the shareholders and the participants equally.

The rights are divided into Series A, Series B and Series C. The number of shares the participant will receive depends on which category the participant belongs to and on the fulfilment of the following defined conditions:

Series A	Tele2's total shareholder return on the Tele2 shares (TSR) during the measure period exceeding 0 percent as entry level.
Series B	Tele2's average normalized return of capital employed (ROCE) during the measurement period being at least 8 percent as entry level and at least 12.5 percent as the stretch target.
Series C	Tele2's total shareholder return on the Tele2 shares (TSR) during the measure period being equal to the average TSR for a peer Group including Elisa, Iliad, Millicom International Cellular, TalkTalk Telecom Group, Telenor, TeliaSonera and TDC as entry level, and exceeding the average TSR for the peer Group with 10 percentage points as the stretch target.

The determined levels of the conditions include an entry level and a stretch target with a linear interpolation applied between those levels as regards the number of rights that vests. The entry level constitutes the minimum level which must be reached in order to enable the vesting of the rights in that series. If the entry level is reached, the number of rights that vests is proposed to be 100 percent for Series A and 20 percent for Series B and C. If the entry level is not reached, all rights to retention and performance shares (as applicable) in that series lapse. If a stretch target is met, all retention rights or performance rights (as applicable) vest in that series.

The Plan comprised a total number of 281,282 shares, of which 271,282 related to employees who invested in Tele2 shares and 10,000 related to employees in Kazakhstan who chose not to invest in Tele2 shares. In total this resulted in an allotment of 1,204,128 share rights, of which 275,024 Series A, 464,552 Series B and 464,552 Series C. The participants were divided into different categories and were granted the following number of share rights for the different categories:

At grant date	No of participants	Maximum no of shares	Share right				Total allotment
			A	B	C	Tot	
CEO	1	8,000	1	3	3	7	56,000
Other senior executives and other key employees	10	4,000	1	2.5	2.5	6	240,000
Category 1	42	2,000	1	1.5	1.5	4	330,000
Category 2	49	1,500	1	1.5	1.5	4	243,288
Category 2, no investment	2	1,500	0.375	0.5625	0.5625	1.5	4,500
Category 3	93	1,000	1	1.5	1.5	4	319,840
Category 3, no investment	7	1,000	0.375	0.5625	0.5625	1.5	10,500
Total	204						1,204,128

Total costs before tax for outstanding rights in the incentive program are expensed over the three-year vesting period, and these costs are expected to amount to SEK 53 million, of which social security costs amount to SEK 10 million.

The participant's maximum profit per share right in the Plan is limited to SEK 347, five times the average closing share price of the Tele2 Class B shares during February 2013 with deduction for the dividend paid in May 2013 and redemption paid in June 2013.

The estimated average fair value of the granted rights was SEK 56.30 on the grant date, June 4, 2013. The calculation of the fair value was carried out by an external expert. The following variables were used:

	Series A	Series B	Series C
Expected annual turnover of personnel	7.0%	7.0%	7.0%
Weighted average share price	82.73	82.73	82.73
Expected life	2.88 years	2.88 years	2.88 years
Expected value reduction parameter market condition	70%	-	35%

To ensure the delivery of Class B shares under the Plan, the Extraordinary General Meeting decided to authorise the Board of Directors to resolve on a directed issue of a maximum of 1,700,000 Class C shares and subsequently to repurchase the Class C shares. The Class C shares will then be held by the company during the vesting period, after which the appropriate number of Class C shares will be reclassified into Class B shares and delivered to the participants under the Plan.

LTI 2012

Number of share rights	2013 Jan 1–Sep 30	Cumulative from start
Allocated June 15, 2012		1,132,186
Outstanding as of January 1, 2013	1,078,436	
Allocated, compensation for dividend	239,191	239,191
Cancelled, Russia	-163,660	-163,660
Forfeited	-126,822	-180,572
Total outstanding share rights	1,027,145	1,027,145

LTI 2011

Number of share rights	2013 Jan 1–Sep 30	Cumulative from start
Allocated June 17, 2011		1,056,436
Outstanding as of January 1, 2013	998,389	
Allocated, compensation for dividend	216,760	294,579
Cancelled, Russia	-92,041	-92,041
Exercised, Russia	-44,156	-44,156
Forfeited	-166,545	-302,411
Total outstanding share rights	912,407	912,407

LTI 2010

Number of share rights	2013 Jan 1–Sep 30	Cumulative from start
Allocated June 9, 2010		873,120
Outstanding as of January 1, 2013	841,373	
Allocated, compensation for dividend	–	190,679
Forfeited	-4,984	-227,410
Exercised	-836,389	-836,389
Total outstanding share rights	–	–

The exercise of the share rights in LTI 2010 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2010 until March 31, 2013. The outcome of these decided performance conditions was in accordance with below and the outstanding share rights were exchanged for shares in Tele2 during Q2 2013.

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	29.4%	100%
Series B	Average normalised Return on Capital Employed (ROCE)	15%	18%	21.3%	100%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	19.4%	100%

Weighted average share price for share rights at date of exercise amounted to SEK 109.23 during 2013.

Reporting of LTI in the parent company

From January 1, 2013 the long-term incentive programs are also reported in the parent company's financial statements. The comparable periods are restated and the effects per December 31, 2012 amount to SEK -11 (-11) million on net profit for the year, SEK 64 (39) million on equity, SEK 8 (4) million on accrued expenses, SEK 11 (7) million on shares in group companies and SEK 61 (36) million on receivables from group companies. There are no effects on the Group's financial statements.

NOTE 10 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2013 Jan 1–Sep 30
Acquisitions	
Capital contribution to associated companies	-22
Dividend received from associated companies	1
Total acquisition of shares and participations	-21
Divestments	
Russia	17,253
Total sale of shares and participations	17,253
TOTAL CASH FLOW EFFECT, NET	17,232

DISCONTINUED OPERATIONS

On March 27, 2013 Tele2 announced the sale of its Russian operations, Tele2 Russia Group, to VTB Group. The sale was completed on April 4, 2013 after approval by regulatory authorities. The transaction including costs for central support system for the Russian operation and other transaction costs resulted in a capital gain during Q2 2013 of SEK 14.9 billion. In addition, the capital gain has been affected negatively with SEK -1.7 billion related to a reversal of exchange rate differences previously reported in other comprehensive income which was reversed over the income statement but with no effect on total equity.

The divestment has been reported separately under discontinued operations in the income statement, with a retrospective effect on previous periods.

The Russian operation reported as discontinued operations is stated below.

Income statement

SEK million	2013 Jan 1– Sep 30	2012 Jan 1– Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Net sales	3,261	9,582	12,984	–	–	3,261	3,402	3,257	3,277
Cost of services sold	-1,724	-5,057	-6,832	–	–	-1,724	-1,775	-1,720	-1,750
Gross profit	1,537	4,525	6,152	–	–	1,537	1,627	1,537	1,527
Selling expenses	-402	-1,185	-1,643	–	–	-402	-458	-379	-405
Administrative expenses	-231	-610	-833	–	–	-231	-223	-187	-197
Sale of operations, profit	13,238	–	–	23	13,215	–	–	–	–
Other operating income	6	11	14	–	–	6	3	7	-1
Other operating expenses	-1	-11	-12	–	–	-1	-1	-2	-7
EBIT	14,147	2,730	3,678	23	13,215	909	948	976	917
Interest income/costs	-122	-336	-463	–	–	-122	-127	-129	-125
Other financial items	21	-24	-62	–	–	21	-38	6	-18
EBT	14,046	2,370	3,153	23	13,215	808	783	853	774
Income tax	-111	-431	-865	–	41	-152	-434	-156	-137
NET PROFIT	13,935	1,939	2,288	23	13,256	656	349	697	637
Earnings per share (SEK)	31.30	4.36	5.14	0.03	29.79	1.48	0.78	1.56	1.43
Earnings per share, after dilution (SEK)	31.10	4.34	5.12	0.03	29.61	1.46	0.78	1.56	1.42

Cash flow statement

SEK million	2013	2012	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
	Jan 1- Sep 30	Jan 1- Sep 30							
OPERATING ACTIVITIES									
Operating profit	14,147	2,730	3,678	23	13,215	909	948	976	917
Adjustments for non-cash items in operating profit	-12,962	773	1,051	-23	-13,215	276	278	258	283
Financial items paid	-69	-201	-376	-	-	-69	-175	-76	-122
Taxes paid	-177	-425	-879	-	-	-177	-454	-163	-94
Cash flow from operations before changes in working capital	939	2,877	3,474	-	-	939	597	995	984
Changes in working capital	-216	30	238	-	-	-216	208	12	51
CASH FLOW FROM OPERATING ACTIVITIES	723	2,907	3,712	-	-	723	805	1,007	1,035
INVESTING ACTIVITIES									
CAPEX paid	-316	-1,151	-1,326	-	-	-316	-175	-407	-501
Cash flow after CAPEX	407	1,756	2,386	-	-	407	630	600	534
Sale of shares	17,253	-	-	-48	17,404	-103	-	-	-
Cash flow from investing activities	16,937	-1,151	-1,326	-48	17,404	-419	-175	-407	-501
CASH FLOW AFTER INVESTING ACTIVITIES	17,660	1,756	2,386	-48	17,404	304	630	600	534
FINANCING ACTIVITIES									
Changes of loans, net	-1	2,831	2,810	-	-	-1	-21	-63	1,331
Other financing activities	-93	-	-	-	-	-93	-	-	-
Cash flow from financing activities	-94	2,831	2,810	-	-	-94	-21	-63	1,331
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,566	4,587	5,196	-48	17,404	210	609	537	1,865

Net assets at the time of divestment

SEK million	Russia
Goodwill	792
Other intangible assets	1,510
Tangible assets	6,190
Financial assets	5
Deferred tax assets	720
Inventories	23
Current receivables	688
Cash and cash equivalents	212
Deferred tax liabilities	-346
Non-current interest-bearing liabilities	-6,302
Current interest-bearing liabilities	-1,474
Current non-interest-bearing liabilities	-1,683
Divested net assets	335
Capital gain	14,955
Sales price, net sales costs	15,290
Sales costs etc, non-cash	9
Received payment for intercompany loans	2,166
Less: cash in divested operations	-212
TOTAL CASH FLOW EFFECT	17,253

Additional information

Thousands	Number of customers			Net intake					
	2013 Sep 30	2012 Sep 30	2012 Dec 31	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Mobile	-	22,343	22,716	-	-	166	373	710	693
Number of customers and net intake	-	22,343	22,716	-	-	166	373	710	693
Divested companies	-	-	-	-22,882	-	-	-	-	-
Number of customers and net change	-	22,343	22,716	-22,882	166	373	710	693	693

SEK million	Net sales								
	2013 Jan 1- Sep 30	2012 Jan 1- Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Mobile	3,261	9,582	12,984	-	-	3,261	3,402	3,257	3,277
Net sales	3,261	9,582	12,984	-	-	3,261	3,402	3,257	3,277

SEK million	EBITDA								
	2013 Jan 1- Sep 30	2012 Jan 1- Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Russia									
Mobile	1,189	3,501	4,744	-	-	1,189	1,243	1,239	1,199
Other									
Other operations	-3	-9	-24	-	-	-3	-15	-8	-3
EBITDA	1,186	3,492	4,720	-	-	1,186	1,228	1,231	1,196

SEK million	EBIT								
	2013 Jan 1- Sep 30	2012 Jan 1- Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Russia									
Mobile	909	2,724	3,683	-	-	909	959	976	917
Other									
Other operations	-	6	-5	-	-	-	-11	-	-
EBIT	909	2,730	3,678	-	-	909	948	976	917
Sale of operations, profit	13,238	-	-	23	13,215	-	-	-	-
EBIT	14,147	2,730	3,678	23	13,215	909	948	976	917

SEK million	Specification of items between EBITDA and EBIT								
	2013 Jan 1- Sep 30	2012 Jan 1- Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
EBITDA	1,186	3,492	4,720	-	-	1,186	1,228	1,231	1,196
Sale of operations	13,238	-	-	23	13,215	-	-	-	-
Depreciation/amortization and other impairment	-277	-762	-1,042	-	-	-277	-280	-255	-279
EBIT	14,147	2,730	3,678	23	13,215	909	948	976	917

SEK million	CAPEX								
	2013 Jan 1- Sep 30	2012 Jan 1- Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Mobile	365	1,219	1,590	-	-	365	371	361	577
CAPEX	365	1,219	1,590	-	-	365	371	361	577

SEK million	Additional cash flow information								
	2013 Jan 1- Sep 30	2012 Jan 1- Sep 30	2012 full year	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
CAPEX	-365	-1,219	-1,590	-	-	-365	-371	-361	-577
This year unpaid CAPEX and paid CAPEX from previous year	-	-76	117	-	-	-	193	-189	75
Received payment of sold non-current assets	49	144	147	-	-	49	3	143	1
Paid CAPEX	-316	-1,151	-1,326	-	-	-316	-175	-407	-501

SEK million	2012	2011	2010	2009
Net sales	12,984	11,463	10,142	7,540
Number of customers (by thousands)	22,716	20,636	18,438	14,451
EBITDA	4,720	4,452	3,560	2,467
EBIT	3,678	3,553	2,765	1,820
EBT	3,153	3,416	2,784	1,529
Net profit	2,288	2,695	2,348	1,290
CAPEX	1,590	2,010	1,495	2,236