

FOURTH QUARTER 2011

Tele2 AB

7 February 2012

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

Agenda



- **About Q4 2011**

- **Financial Review**

- **Concluding remarks**

Tele2 Group Q4 Highlights

Q4 Financials

- Net sales (curr. adj.) for the Group grew by 8 % and amounted to SEK 10,839
- EBITDA amounted to SEK 2,791 (2,488) million, equivalent to an EBITDA margin of 26 (25) %

Q4 Operational

- Tele2's customer base amounted to 34.1 million customers
- Tele2 Kazakhstan continued its successful launch of new regions, resulting in a customer intake of 249,000 (114,000).
- Tele2 Norway and Network Norway were fully integrated and Tele2 Austria acquired Silver Server

Market Area Russia: Overview

Population

Apr. 140 million

Tele2 Russia

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

Represents 28% of total net sales Q4 2011

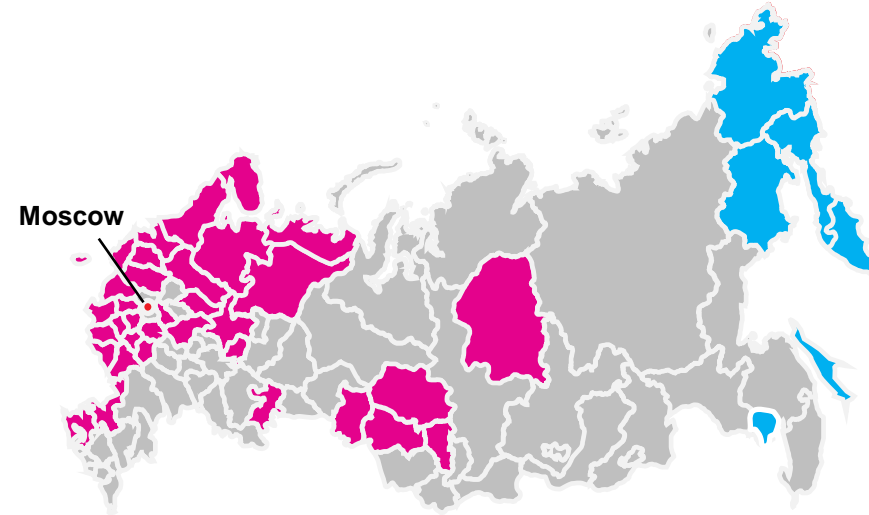


Focus

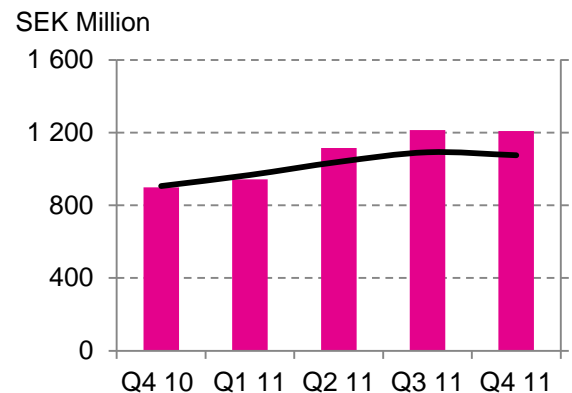
- Continue grow customer base and maximize the 2G opportunity
- Ensure that newcomer and challenger regions reach the same operational trends as defender regions
- Evaluate possibilities to expand carefully through new licenses as well as by complementary acquisitions

Q4 Highlights Russia

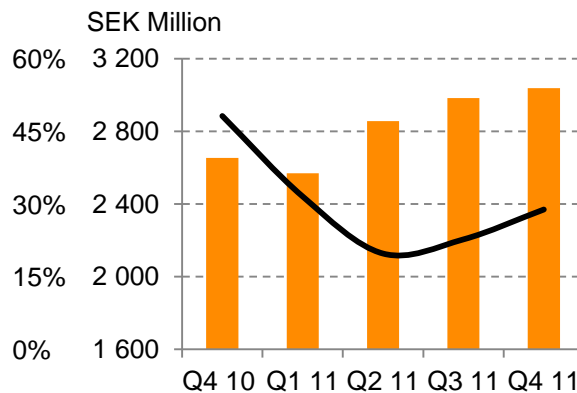
Region's position	Market share	EBITDA
Defender (10 regions)	Leader in the region (avg. 46%)	≥ 35% (avg. 52%)
Challenger (17 regions)	≥ 20% (avg. 31%)	< 35% (avg. 31%)
Newcomer (16 regions)	< 20% (avg. 17%)	≥ 0



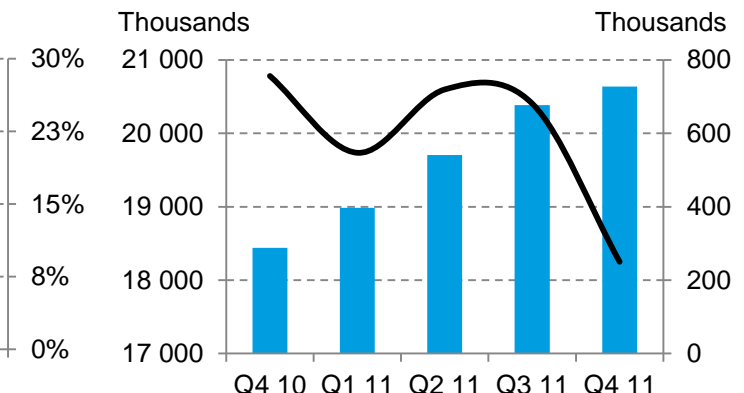
EBITDA and EBITDA MARGIN



NET SALES and YoY NET SALES GROWTH



CUSTOMER BASE and CUSTOMER INTAKE



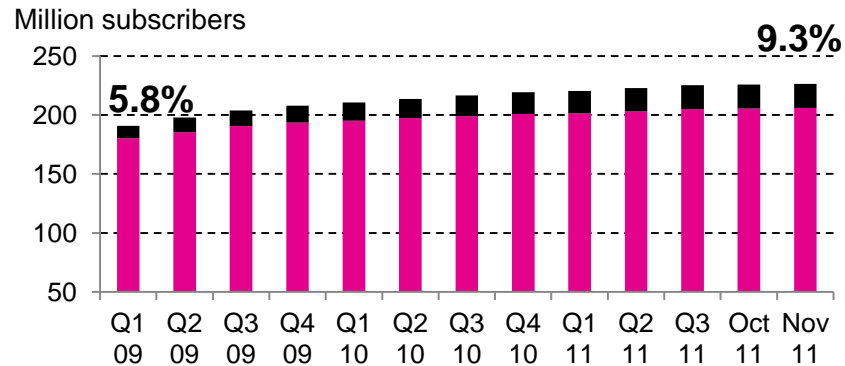
■ EBITDA (left)
— EBITDA margin (right)

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

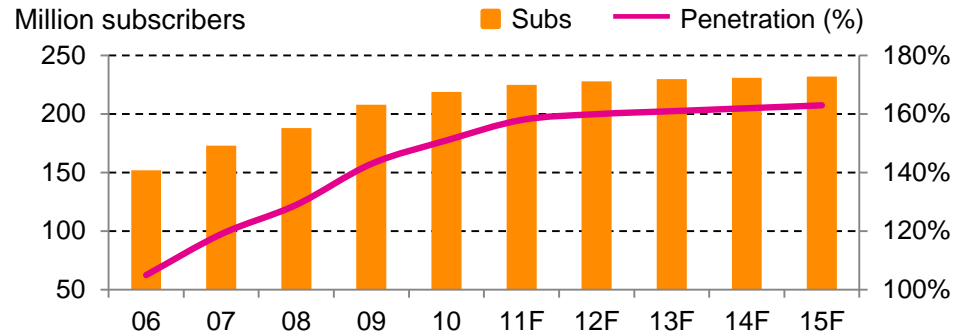
■ Customer base (left)
— Customer net intake (right)

The Russian mobile market

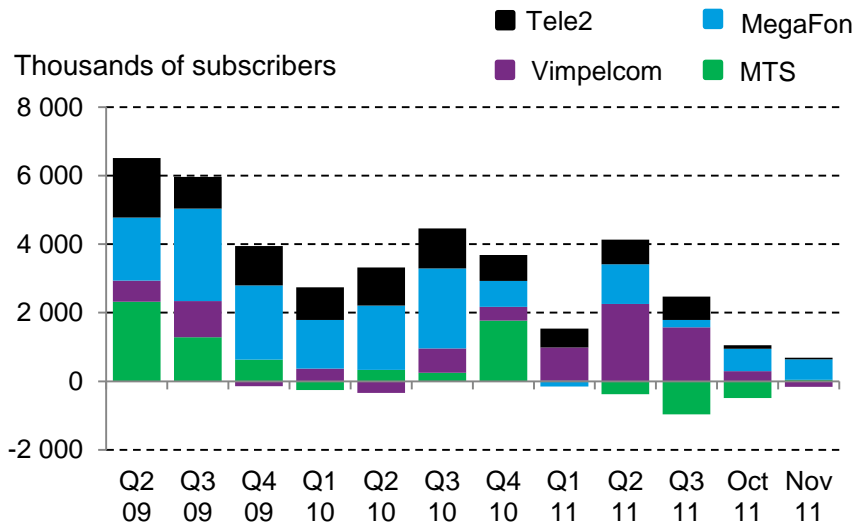
TELE2 SUBSCRIBERS AS PART OF TOTAL RUSSIAN MOBILE MARKET



MOBILE SUBSCRIBERS AND PENETRATION



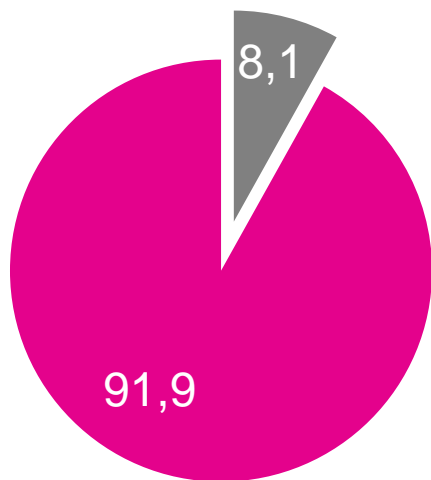
NET ADDITIONS



During 2011, Tele2 has gained market share

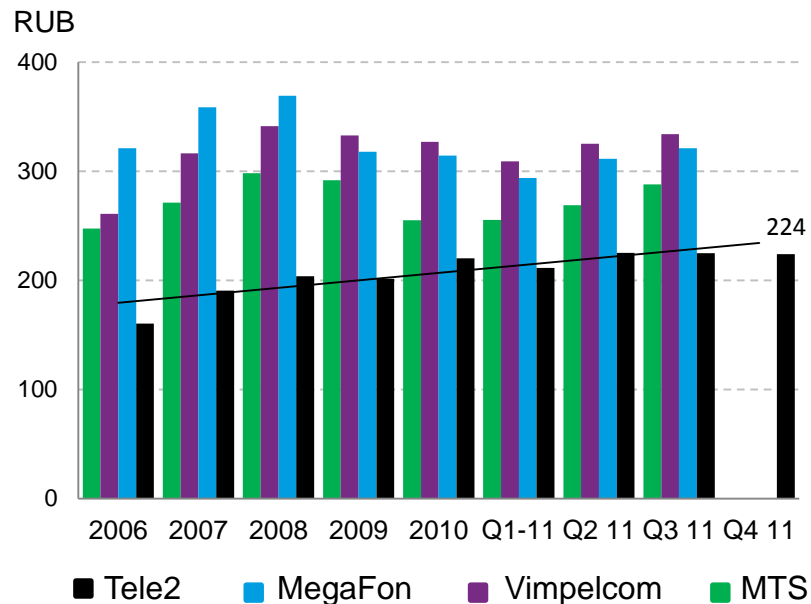
Revenue source development

TELE2 RUSSIA: REVENUE SPLIT Q4



■ Data revenue (%) ■ Voice revenue (%)
(excl. SMS)

ARPU DEVELOPMENT



Tele2 sees a steady increase in ARPU on the Russian market

Regulatory update: Tele2 Russia

Technology neutrality update

- Tele2 applied to the Telecom Regulator for the permission to set up LTE1800 trial zones
- According to the Regulator's decision the LTE1800, trial should be conducted jointly with NIIR (Science and Research Institute) in Q1 2012 and results reported in Q2 2012

LTE license tender update

- In Q4 2011, Tele2 participated in the work group established by the Telecom Regulator and provided recommendations for the LTE “beauty contest” terms and conditions
- LTE license tenders are reported to take place in Q1-Q2 2012

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 21.5 - 22 mln
- Tele2 expects ARPU to remain stable in local currency
- Tele2 expects an EBITDA margin of between 39 - 40 percent
- Tele2 expects capex of between SEK 1,300 - 1,500 mln



Market Area Nordic: Overview

Population

14.4 million

Tele2 Sweden and Tele2 Norway

Home market and test bed for new services

Represents 42% of total net sales Q4 2011

Sweden 30%; Norway 12%

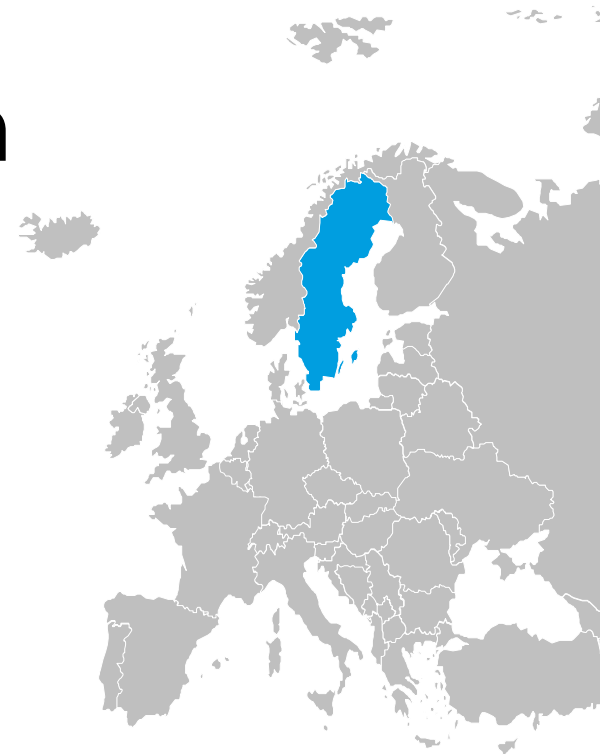


Focus

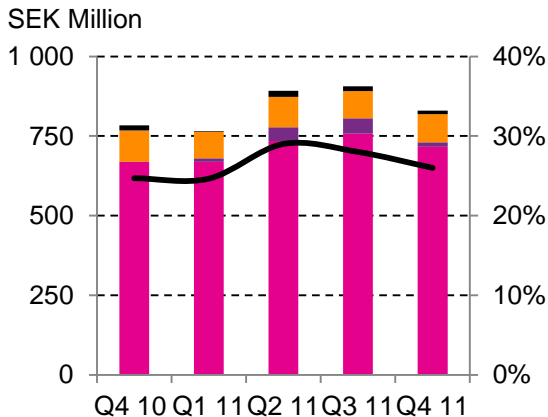
- Sweden: Build on mobile growth and 4G roll-out coupled with household/ corporate fiber strategy
- Norway: Integration of Network Norway and migration of customers to Tele2's own network

Q4 Highlights Tele2 Sweden

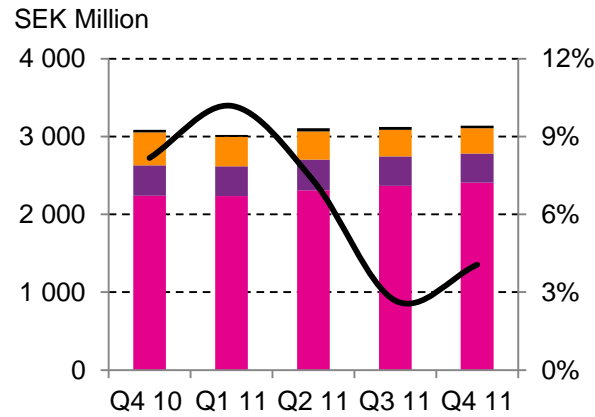
- Net sales (external) amounted to SEK 3 143 mln and EBITDA grew by 6% amounting to SEK 829 mln
- Net intake in Q4 affected by increased churn in prepaid as a result of large intake during Q3



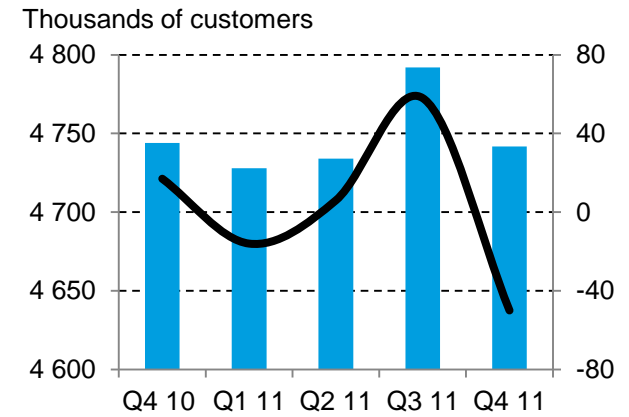
EBITDA and EBITDA MARGIN



NET SALES and YoY NET SALES GROWTH



CUSTOMER BASE and CUSTOMER INTAKE



■ Mobile
 ■ Fixed broadband
 ■ Fixed telephony
 ■ Other

— EBITDA margin (right)

— YoY net sales growth (right)

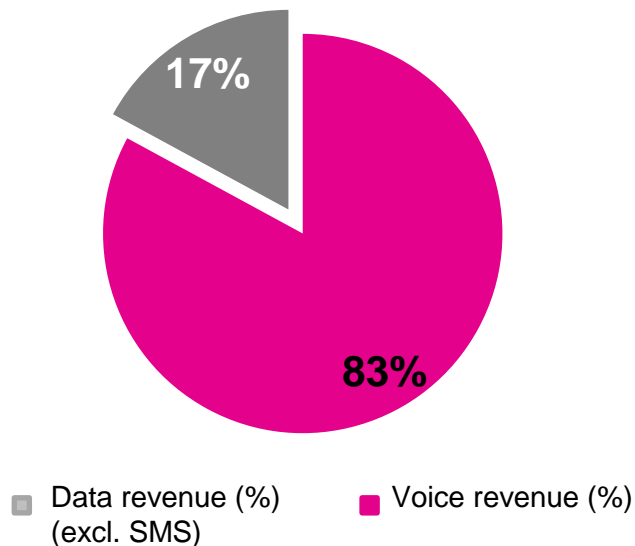
■ Customer base (left)

— Customer net intake (right)

TELE2

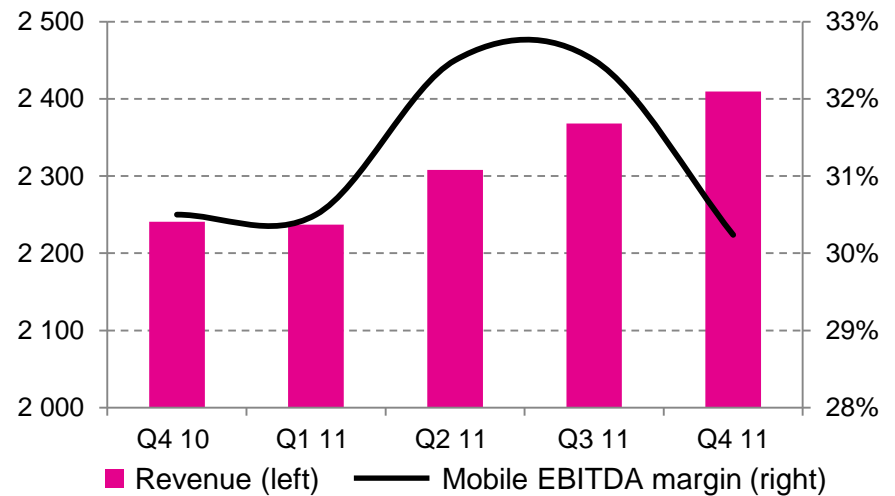
Sweden: Mobile operational performance

MOBILE REVENUE SPLIT



MOBILE REVENUE and MOBILE EBITDA MARGIN

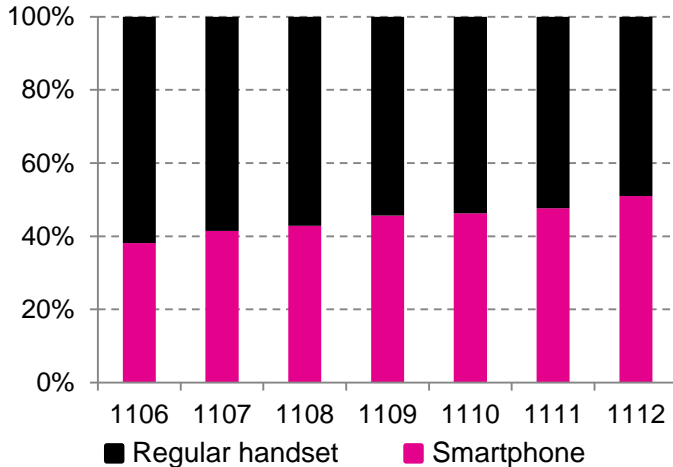
SEK Million



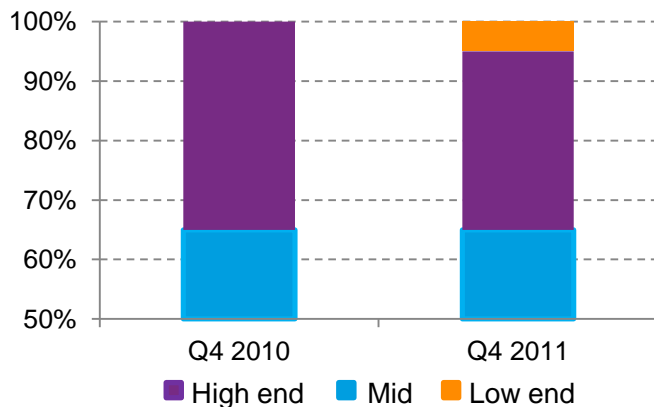
Mobile revenue will continue to grow driven by a strong customer demand for data

Smartphone market development

SMARTPHONE INSTALLED BASE*



SMARTPHONE PRICE CATEGORIES



Sales of top ten mobile phones Tele2 Sweden (FY 2011)

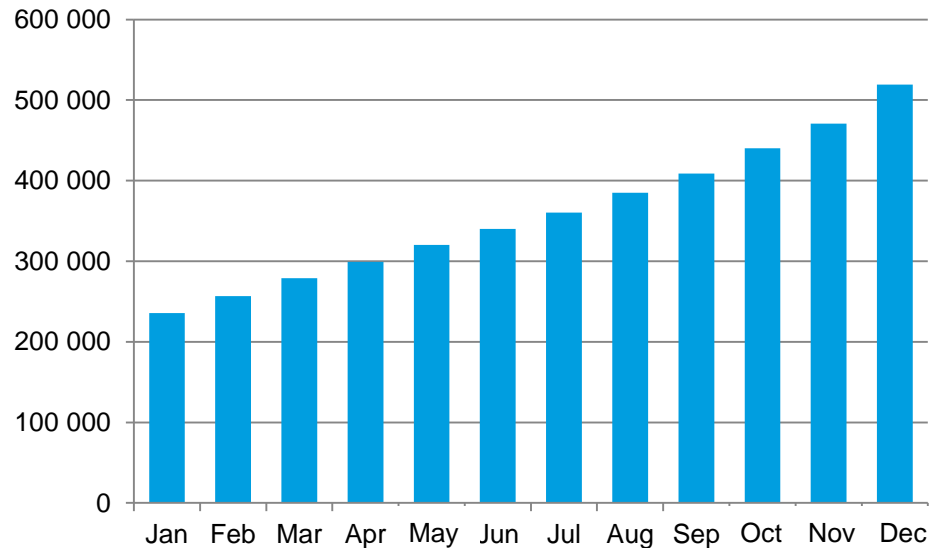
1. iPhone 4 16GB
2. iPhone 4S 16GB
3. Samsung Galaxy S2
4. iPhone 4 32GB
5. ZTE Blade
6. Sony Ericsson Cedar
7. iPhone 4 8GB
8. Samsung Galaxy Gio
9. Sony Ericsson Xperia Arc
10. Samsung Galaxy ACE

* Postpaid residential, quantity of handsets

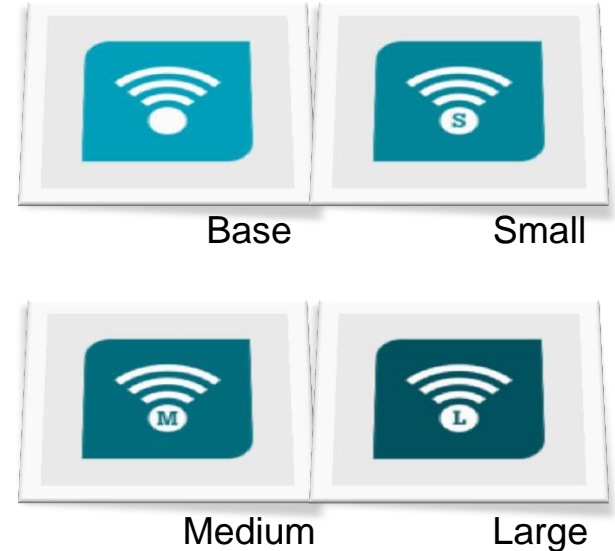
Growth in sales of data packages

DATA PACKAGE CUSTOMER STOCK 2011

Subscribers



MOBILE SURF PACKAGES

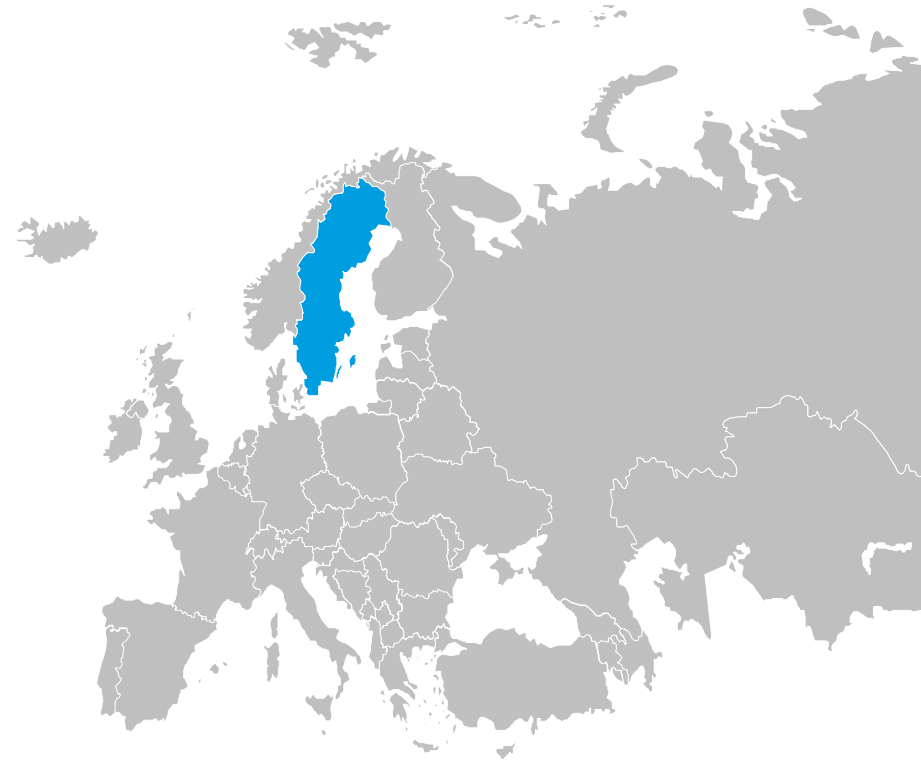


Data package customer stock increased by 120% during 2011

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 2-4 percent.
- Tele2 expects an EBITDA margin of between 33-35 percent including proportionate consolidation of joint ventures.

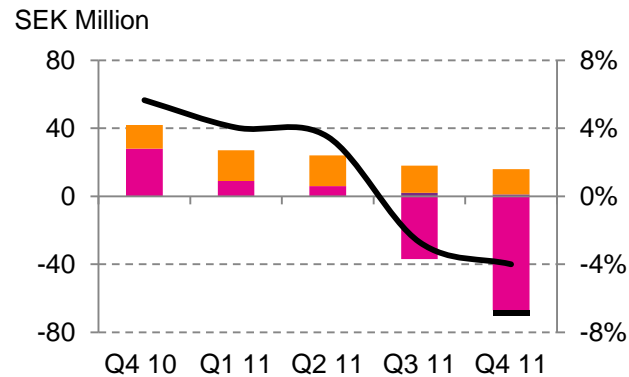


Q4 Highlights Tele2 Norway

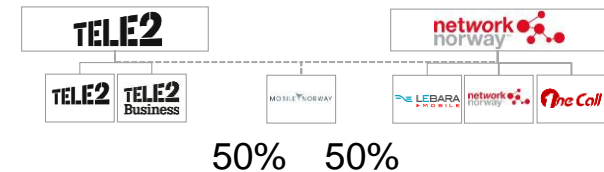
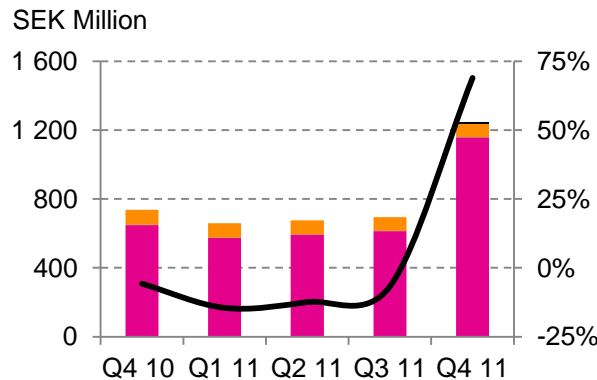
- The Tele2 Norway / Network Norway integration continues at full speed and co-location is completed
- Tele2 Norway reported total external revenue of SEK 1,216 mln, of which SEK 1,128 mln was mobile revenue
- Mobile EBITDA contribution was SEK -67 (28) mln, impacted by a restructuring cost of SEK 53 mln related to the acquisition of Network Norway



EBITDA and EBITDA MARGIN



NET SALES and YoY NET SALES GROWTH



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 5,000 - 5,200 mln.
- Tele2 expects an EBITDA margin of between 2-3 percent.
- Tele2 expects capex of between SEK 850-950 mln.



Market Area Western Europe: Overview

Population

106 million

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

Represents 19% of total net sales Q4 2011

Netherlands 13.4%; Germany 2.5%; Austria 3.1%



Focus

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

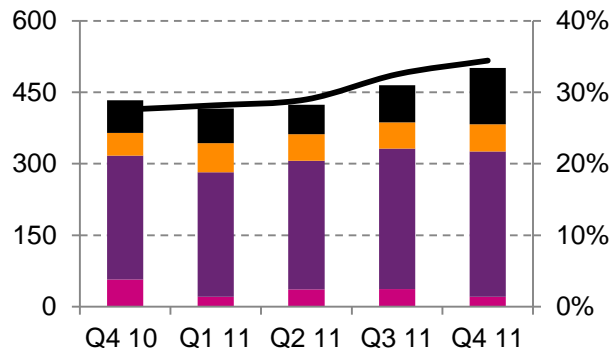
Q4 Highlights Tele2 Netherlands

- Focus on increased distribution capacity leads to growth on mobile customer base
- Tele2 Netherlands reached EBITDA of SEK 501 mln
- On-going evaluation of possibilities for Tele2 Netherlands to become MNO: Auction date set to October 2012



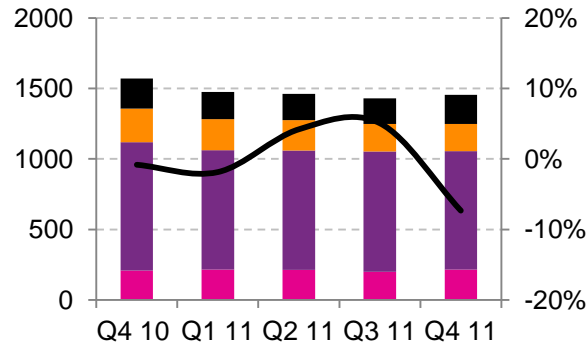
EBITDA and EBITDA MARGIN

SEK Million



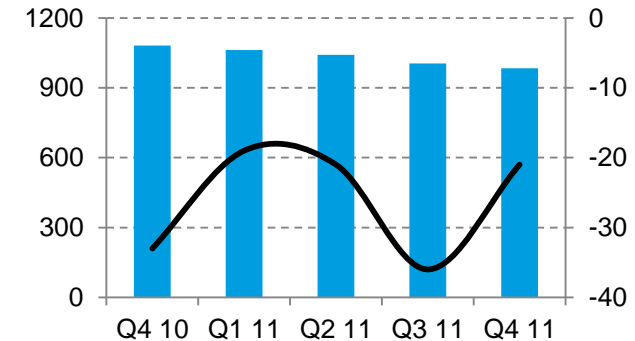
NET SALES and YoY NET SALES GROWTH

SEK Million



CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



■ Mobile
 ■ Fixed broadband
 ■ Fixed telephony
 ■ Other

— EBITDA margin (right)

— YoY net sales growth (right)

■ Customer base (left)

— Customer net intake (right)

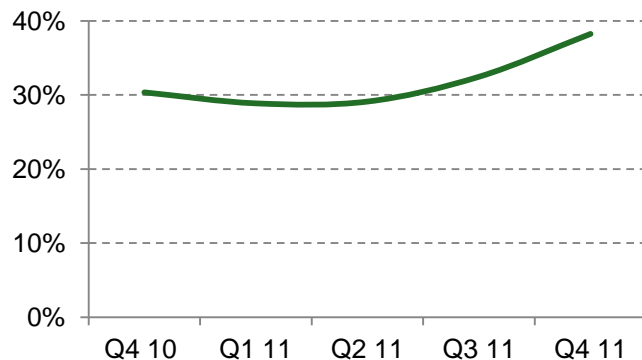
TELE2

Q4 Highlights Tele2 Germany and Tele2 Austria

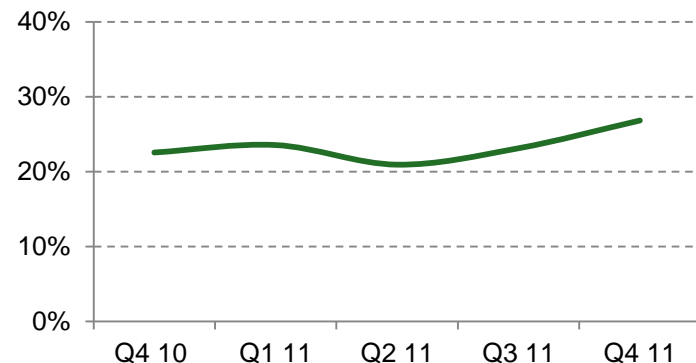
- Strong cash flow contributors to the Group
- Tele2 Germany: Fixed via Mobile product has taken off successfully; customer base YE 2011 was 47,000. The new product reached EBITDA breakeven less than 6 months after launch
- Tele2 Austria: Acquisition of Silver Server completed to further strengthen Tele2's position in the B2B market



**TELE2 GERMANY
EBITDA MARGIN**



**TELE2 AUSTRIA
EBITDA MARGIN**



Market Area Central Europe and Eurasia: Overview

Population

28 million

Represents 12% of total net sales Q4 2011

Estonia 2%; Latvia 3%; Lithuania 3%;
Croatia 3%; Kazakhstan 1%



Focus

- Stability and improvements in Baltics
- Growth in revenue, profits and market share in Croatia
- Establish Tele2 in all regions and continue to grow rapidly in Kazakhstan

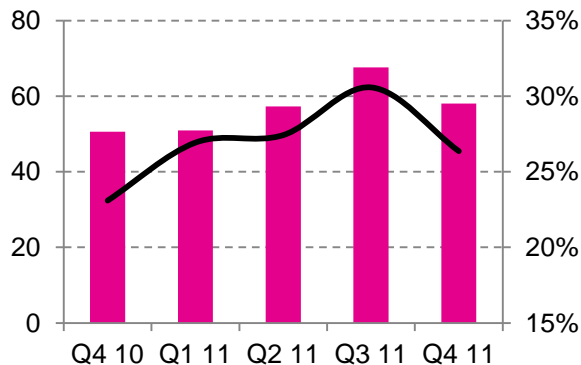
Q4 Highlights Tele2 Estonia

- Tele2 Estonia achieved a positive net intake of customers despite fierce competition
- Acquisition of telecommunication service provider Televõrgu AS completed in January 2012



EBITDA and EBITDA MARGIN

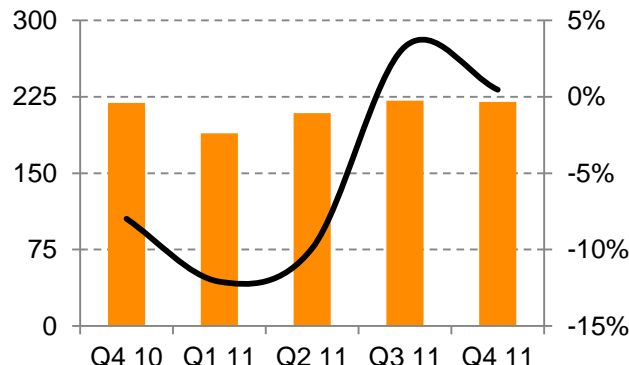
SEK Million



■ EBITDA (left)
 — EBITDA margin (right)

NET SALES and YoY NET SALES GROWTH

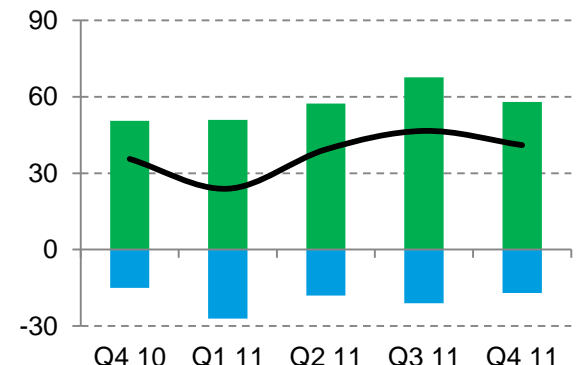
SEK Million



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

EBITDA-CAPEX

SEK Million



■ EBITDA ■ CAPEX
 — EBITDA-CAPEX



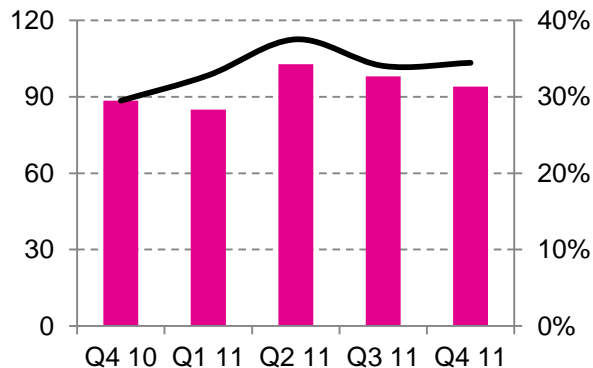
Q4 Highlights Tele2 Latvia

- Tele2 Latvia reached an EBITDA margin of 34%
- Tele2 Latvia was granted new spectrum in the 2.6 GHz frequency band in January 2012



EBITDA and EBITDA MARGIN

SEK Million

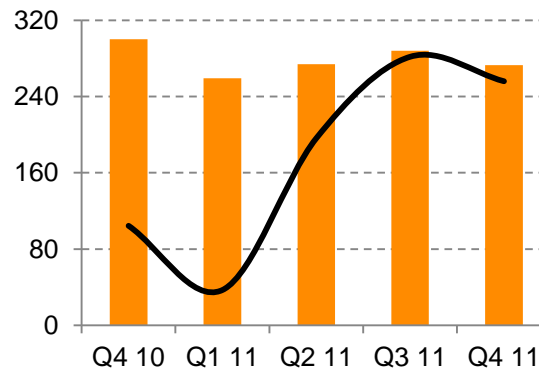


■ EBITDA (left)

— EBITDA margin (right)

NET SALES and YoY NET SALES GROWTH

SEK Million

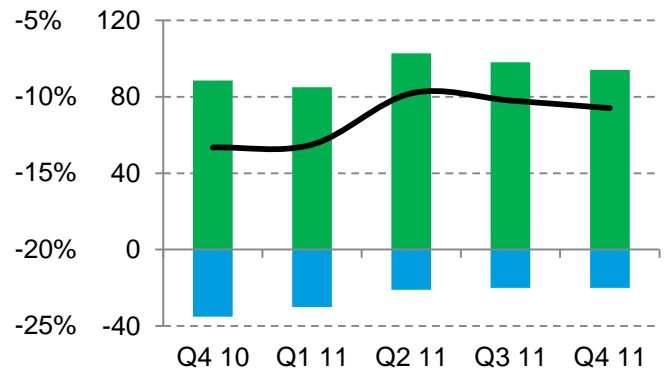


■ Net sales(left)

— Net sales YoY growth (right)

EBITDA-CAPEX

SEK Million



■ EBITDA

■ CAPEX

— EBITDA-CAPEX

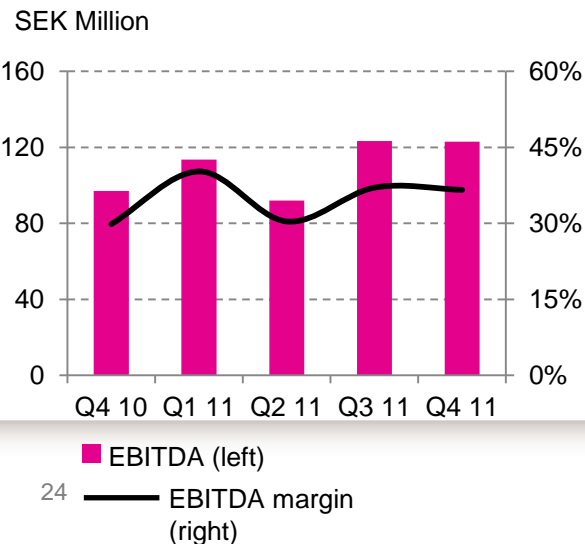
TELE2

Q4 Highlights Tele2 Lithuania

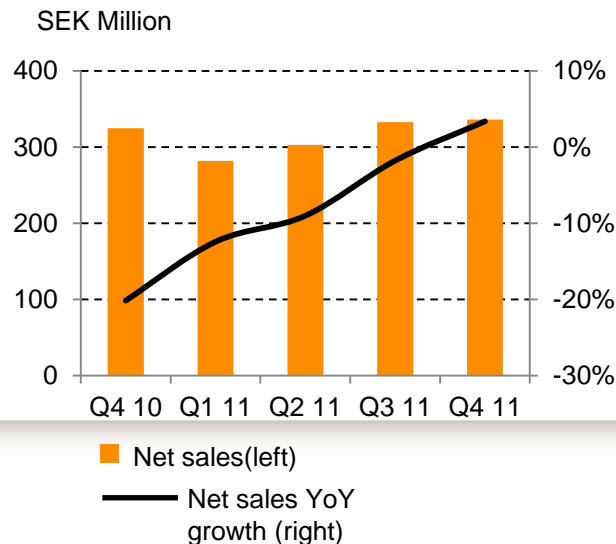
- The EBITDA margin amounted to 37%
- Thanks to successful sales and marketing activities, Tele2 Lithuania maintained a positive postpaid intake



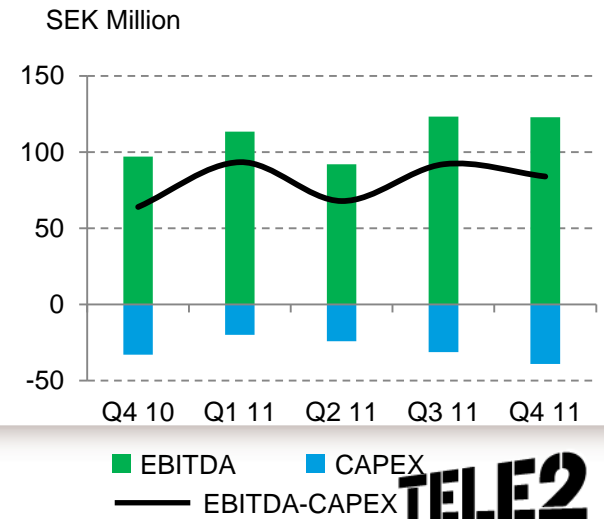
EBITDA and EBITDA MARGIN



NET SALES and YoY NET SALES GROWTH



EBITDA-CAPEX

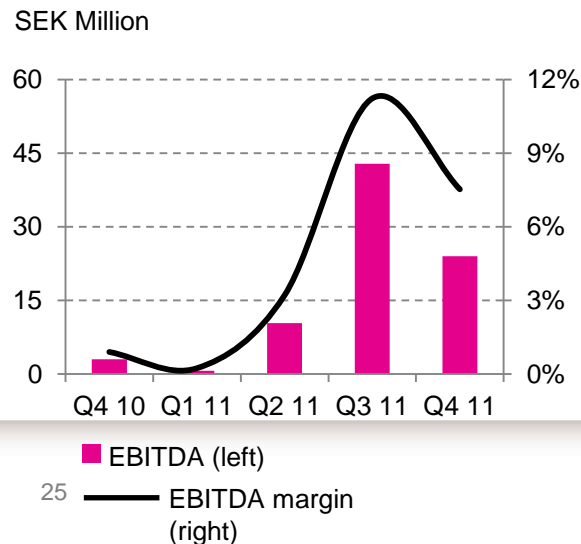


Q4 Highlights Tele2 Croatia

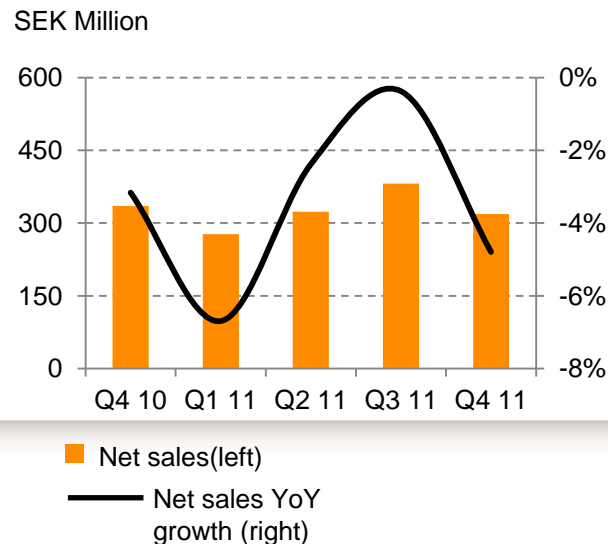
- Positive free cash flow of SEK 48 mln
- Solid development despite reintroduction of revenue tax



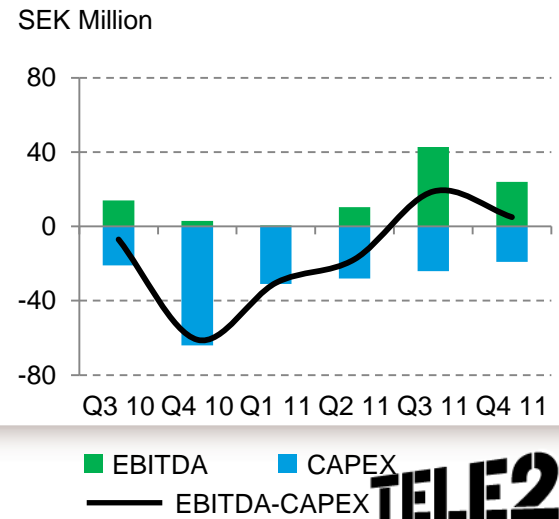
EBITDA and EBITDA MARGIN



NET SALES and YoY NET SALES GROWTH



EBITDA-CAPEX



Tele2 Croatia forward looking statement

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

- Tele2 expects Croatia to reach an EBITDA margin of 20 percent by Q3 2013.

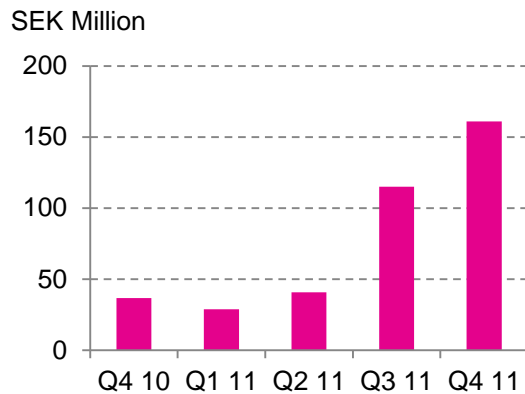


Q4 Highlights Tele2 Kazakhstan

- Commercial launch of Tele2 brand completed in 12 regions
- More than 1 800 BTS on air
- Solid net intake of 249 000 customers
- Total number of customers amounted 1.371 million

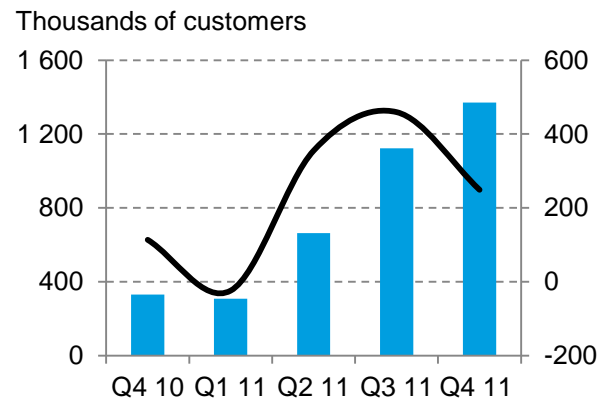


NET SALES



■ Net sales

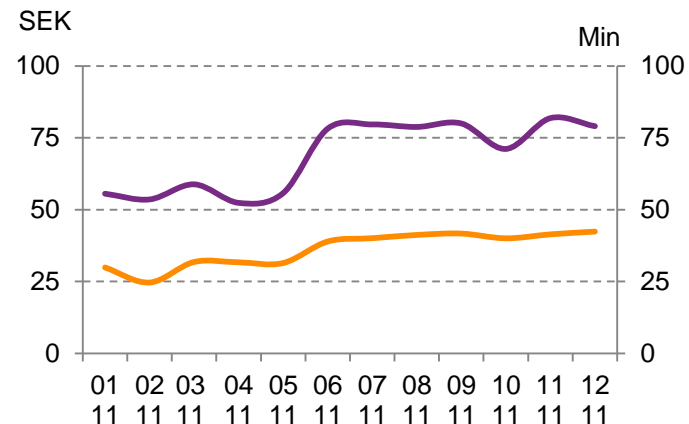
CUSTOMER BASE and CUSTOMER INTAKE



■ Customer base (left)

— Customer intake (right)

ARPU and MINUTES OF USE in 2011



— ARPU (left)

— Minutes of use (right)

Tele2 Kazakhstan launch status



The commercial launch of the remaining four regions has been postponed until the beginning of 2012

Guidance Tele2 Kazakhstan

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 2.3 - 2.5 mln.
- Tele2 expects an EBITDA contribution of between SEK -325 to -375 mln.
- Tele2 expects capex of between SEK 550 - 600 mln.
- Tele2 expects to reach EBITDA break-even by 2H 2013.
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.





• About Q4 2011

• **Financial Review**

• Concluding remarks

Group results

SEK million	Q4 11	Q4 10	▲%	YTD 11	YTD 10	▲%
Net sales	10,839	10,109	7.2%	40,750	40,164	1.5%
EBITDA	2,791	2,488	12.2%	10,852	10,284	5.5%
- EBITDA margin (%)	25.7%	24.6%		26.6%	26.0%	
Depr. and joint ventures	-1,125	-975		-3,880	-3,580	
- Depr. of Net sales (%)	10.4%	9.7%		9.6%	9.0%	
One-off items	-26	-157		-4	384	
EBIT	1,640	1,56	20.9%	6,968	7,088	-1.7%
Normalized EBIT	1,666	1,513		6,972	6,704	
- Normalized EBIT margin (%)	15.4%	15.0%		17.1%	16.9%	
Financial items	-60	-155		-599	-353	
Taxes	-269	-102		-1 465	-254	
Net profit/loss	1,311	1,099		4,904	6,481	
Discont. operations	0	404		-7	447	
NET RESULT	1,311	1,503		4,897	6,928	

Currency movements (vs. SEK)

YoY difference in YTD average FX rates, 2011 vs. 2010

EUR	-5.6 %
RUB	-7.3 %

End of Q4 spot rate vs. 31/12-2010

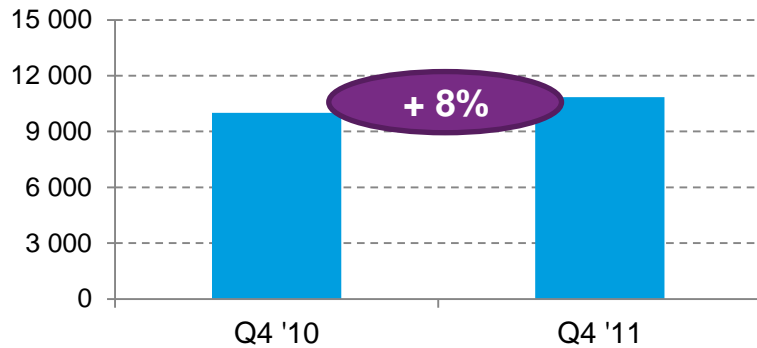
EUR	-0.6 %
RUB	-3.6 %

EUR/SEK pegged and RUB currencies represent 56% of external sales and 74% of EBITDA

Currency-adjusted sales and EBITDA

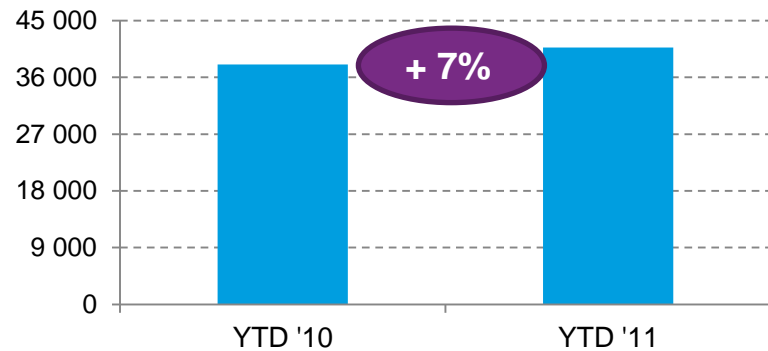
CURRENCY-ADJUSTED SALES

SEK Million



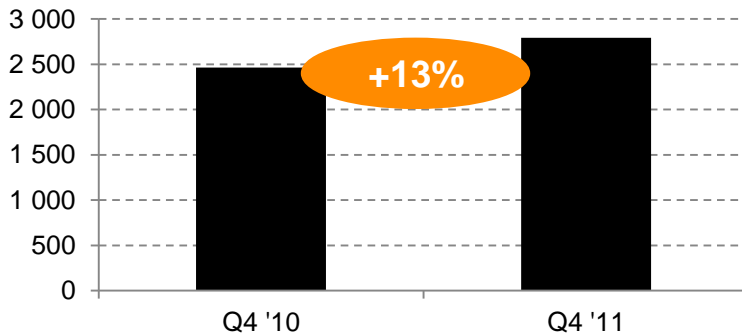
CURRENCY-ADJUSTED SALES (FY)

SEK Million



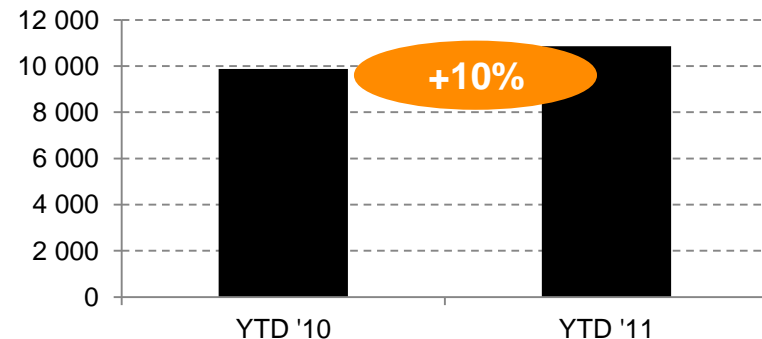
CURRENCY-ADJUSTED EBITDA

SEK Million



CURRENCY-ADJUSTED EBITDA (FY)

SEK Million



Taxes

Taxes in income statement (MSEK)	Q4 11	Q4 10	YTD 11	YTD 10
Normal	-377	-277	-1 573	-1 405
One-Off	108	175	108	1 151
Total	-269	-102	-1 465	-254

Taxes in cash flow statement (MSEK)	Q4 11	Q4 10	YTD 11	YTD 10
Normal	-163	-160	-948	-740
One-Off	-	-	-	-
Total	-163	-160	-948	-740

Deferred tax assets at year end amounted to SEK 2.9 (3.2) billion

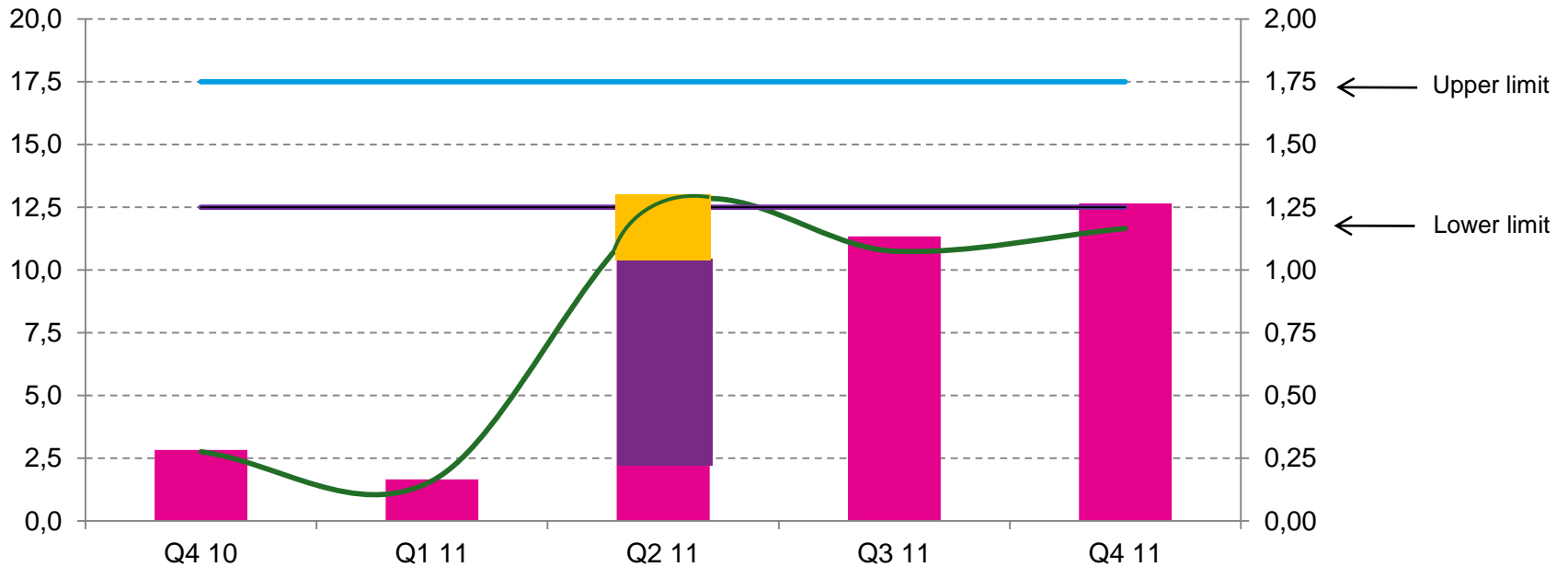
Cash flow

Cash flow (SEK million)	Q4 11	Q4 10	YTD 11	YTD 10
OPERATING ACTIVITIES				
Before paid tax	2,584	2,311	10,610	10,450
Paid taxes	-163	-160	-948	-740
Changes in working capital	-106	-374	-414	-100
CF from operating activities	2,315	1,777	9,248	9,610
INVESTING ACTIVITIES				
CapEX	-1,400	-1,163	-4,667	-3,603
CF after CapEX	915	614	4,581	6,007
Shares and participations	-1,541	- 469	-1,217	-1,510

Debt position and ratio

PRO FORMA NET DEBT / EBITDA 12'M ROLLING

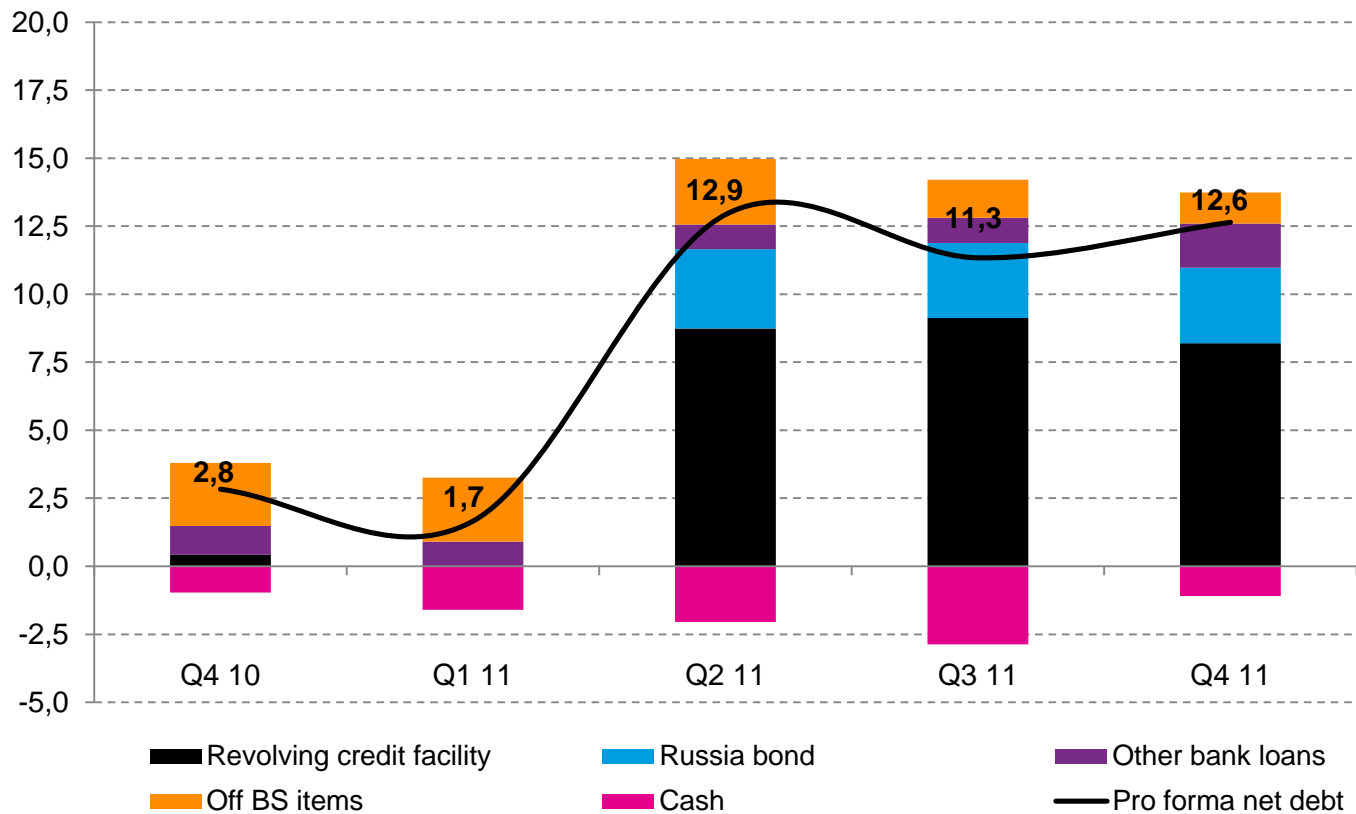
SEK Billion



Debt profile

SOURCES OF FUNDING

SEK Billion



Bal. sheet consideration / Fin. leverage



Prudent assessment based on (a) status of operations, (b) future strategic opportunities, (c) competitive landscape and (d) general macroeconomic status

Net debt and dividend targets

Shareholder remuneration

“Tele2 will seek to pay a progressive ordinary dividend of no less than 50 percent of net income excluding one-off items. Extraordinary dividends and the authority to purchase Tele2’s own shares will be recommended or 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

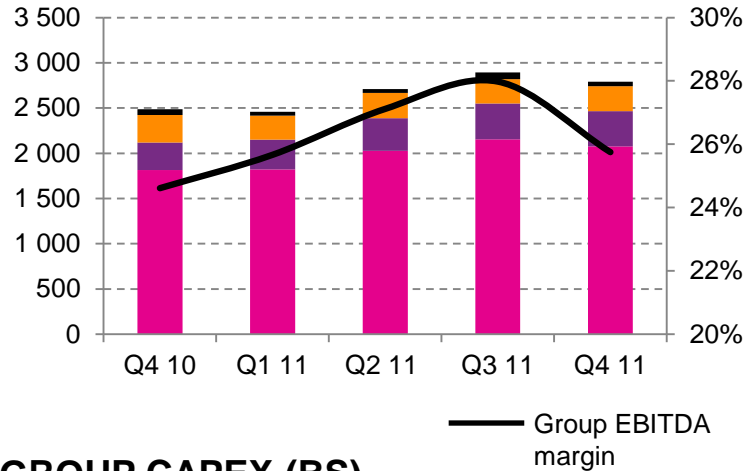
“Tele2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The company’s longer term financial leverage should be in line with the industry and the markets in which it operates and reflect the status of its operations, future strategic opportunities and contingent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

Group financials

■ Mobile
 ■ Fixed broadband
 ■ Fixed telephony
 ■ Other

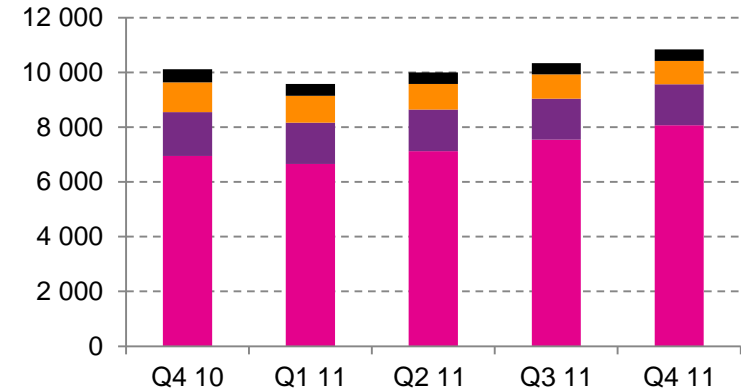
GROUP EBITDA and GROUP EBITDA MARGIN

SEK Million



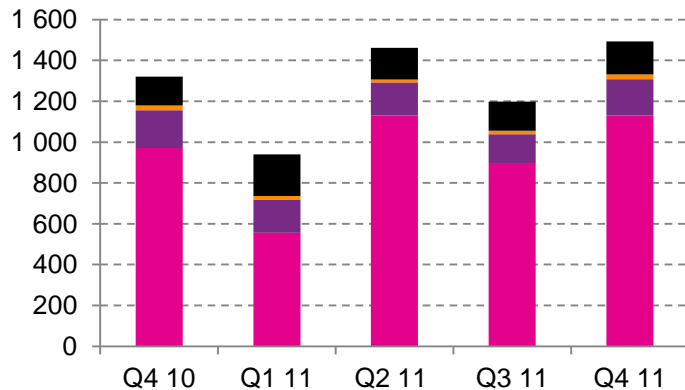
GROUP NET SALES

SEK Million



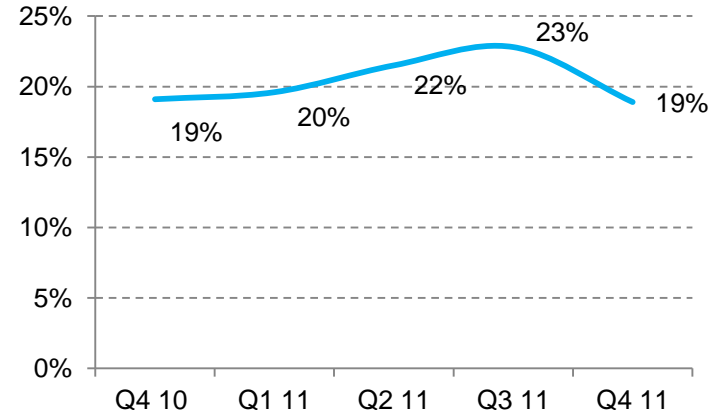
GROUP CAPEX (BS)

SEK Million

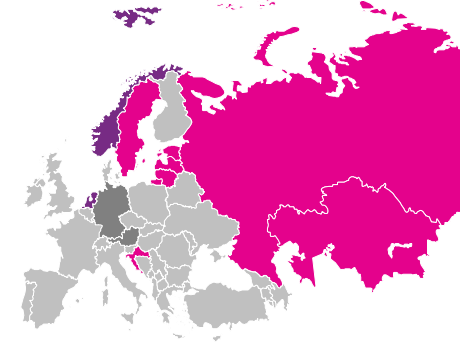


ROCE

Percent

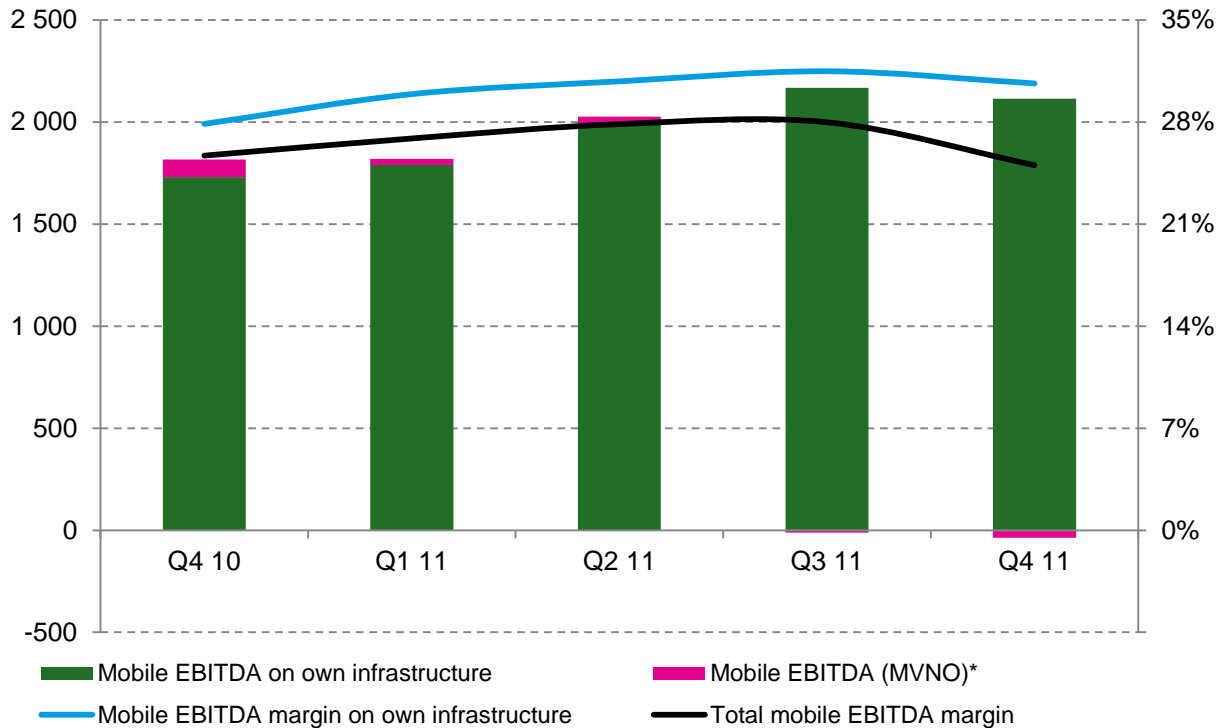


Group mobile EBITDA



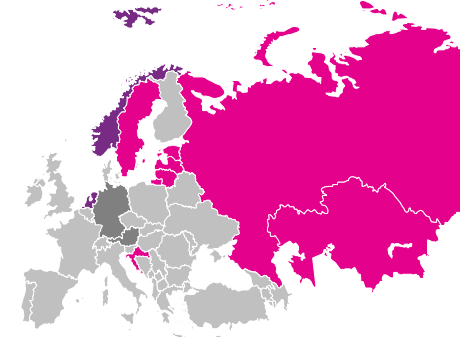
GROUP MOBILE EBITDA

SEK Million



* Norway, Netherlands and Germany are treated as MVNO

Income statement/Adjustment 2011 using new accounting principles

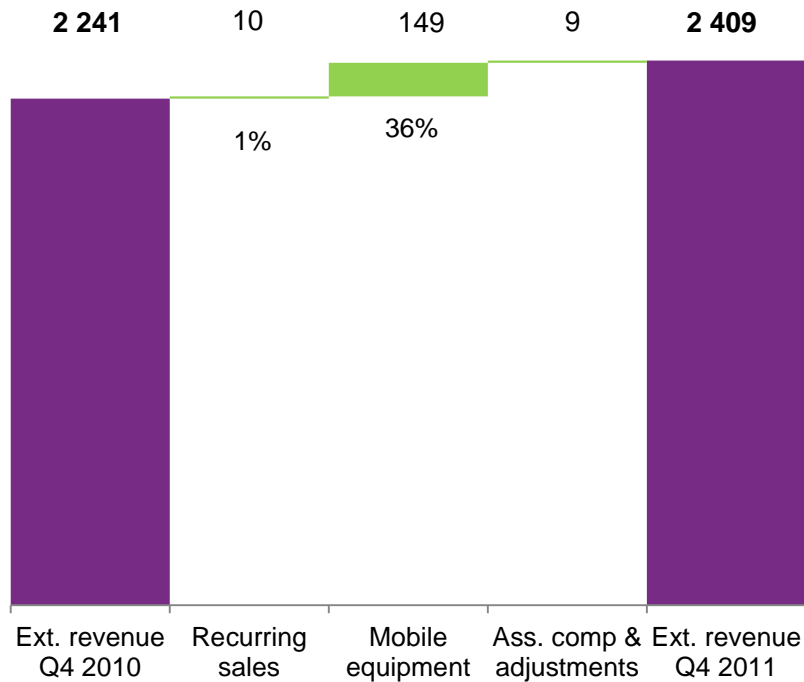


SEK million	2011, Full year	
CONTINUING OPERATIONS		
Net sales	251	
Operating expenses	-215	
Results from shares in associated companies and JVs	-16	
Other operating income	62	
Operating profit, EBIT	82	
Interest income/costs	-75	
Profit after financial items, EBT	7	
Tax on profit	-7	
NET PROFIT	-	
EBITDA Mobile Sweden	318	+2.7%
Total Assets	355	
Return On Capital Employed	-0.4%	

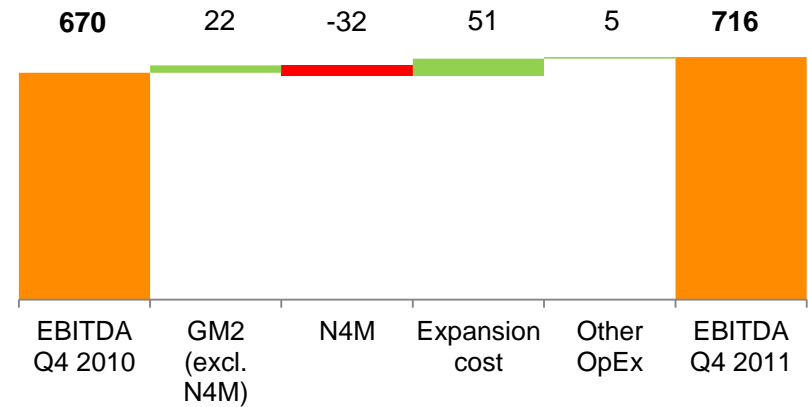
Sweden mobile revenue and EBITDA

(Q)

SALES SEK million

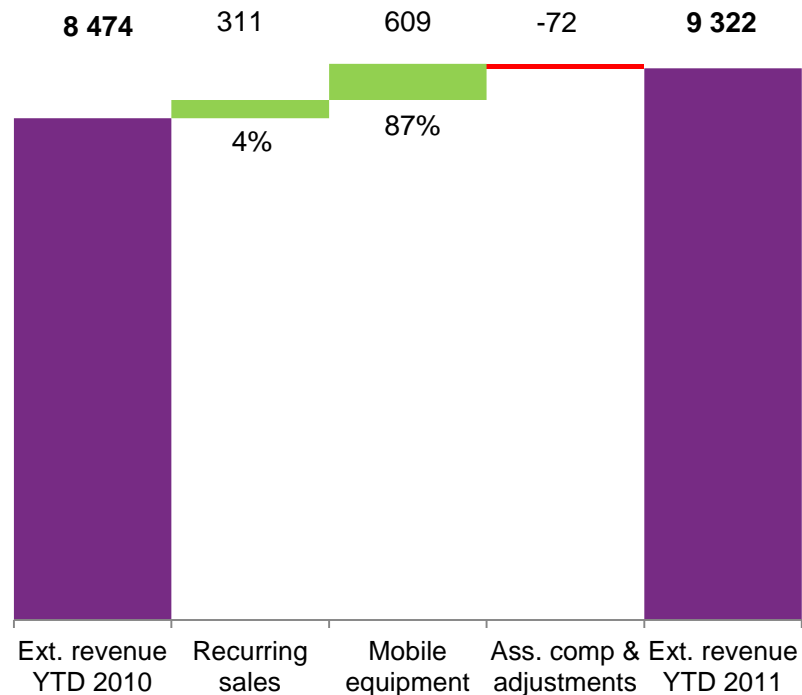


EBITDA SEK million

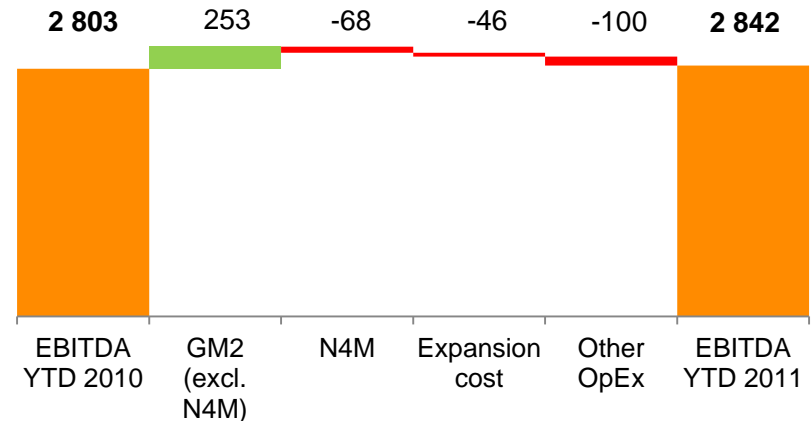


Sweden mobile revenue and EBITDA (FY)

SALES SEK million



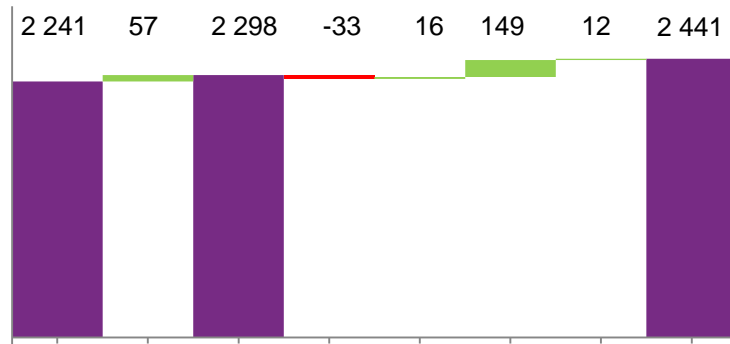
EBITDA SEK million



Swe mobile: Restated JV accounting

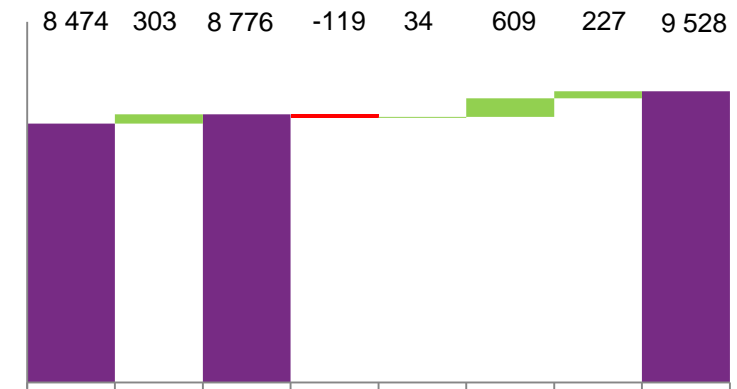
SALES (Quarterly comparison)

SEK million



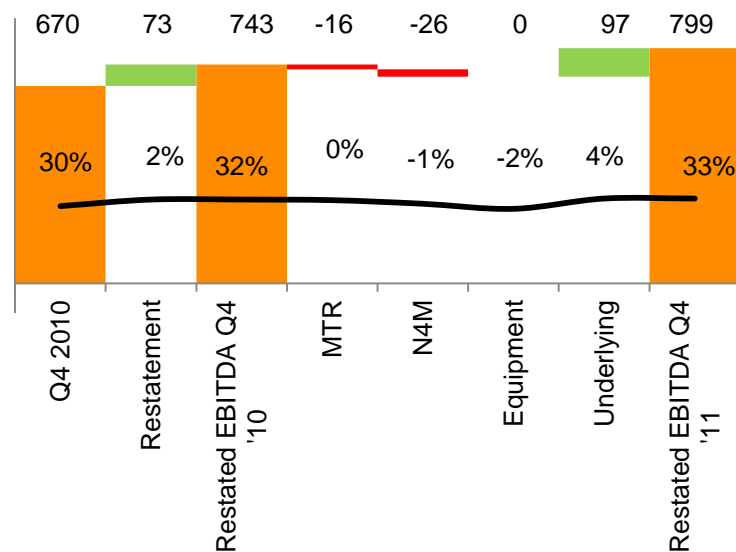
SALES (FY comparison)

SEK million



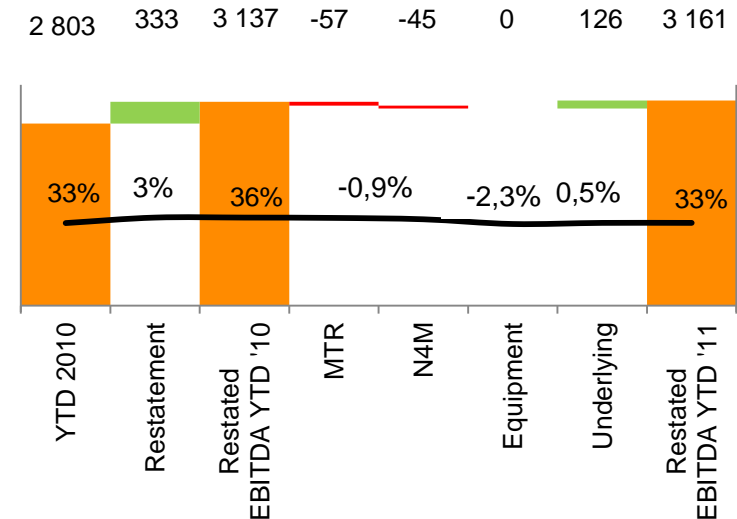
EBITDA and EBITDA margin

SEK million



EBITDA and EBITDA margin

SEK million





• About Q4 2011

• Financial Review

• **Concluding remarks**

Concluding remarks

- **Create a strong network based operator in Norway**
- **Start exploiting 4G services in Sweden**
- **Evaluate MNO opportunities in the Netherlands**
- **Complete the launch of mobile services in all regions in Kazakhstan**
- **Launch 6 new regions in Far East of Russia**

TEL2

Q&A

TELE2

TELE2