

FOURTH QUARTER 2010

February 8, 2011

TELE2

Agenda

About Q4 2011

Financial review

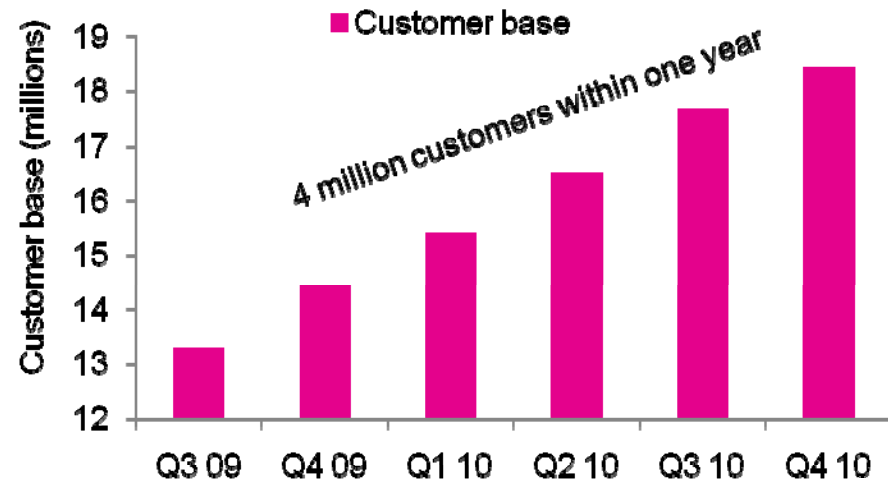
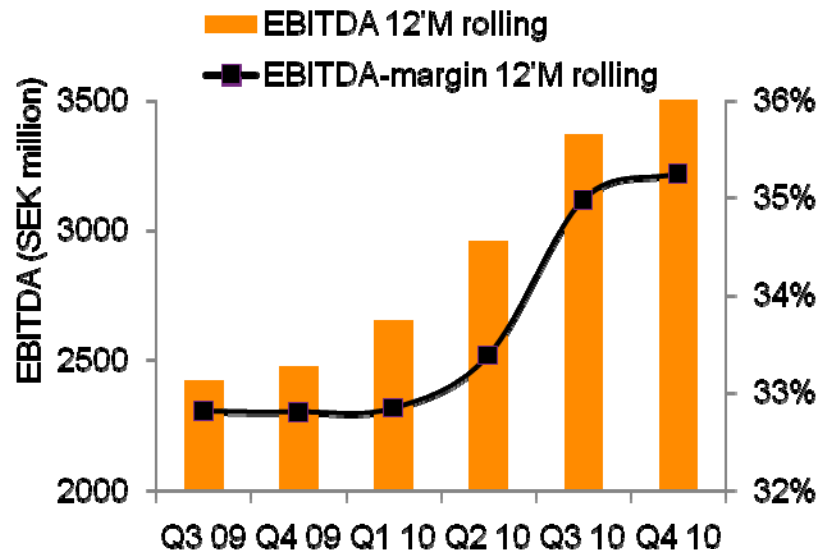
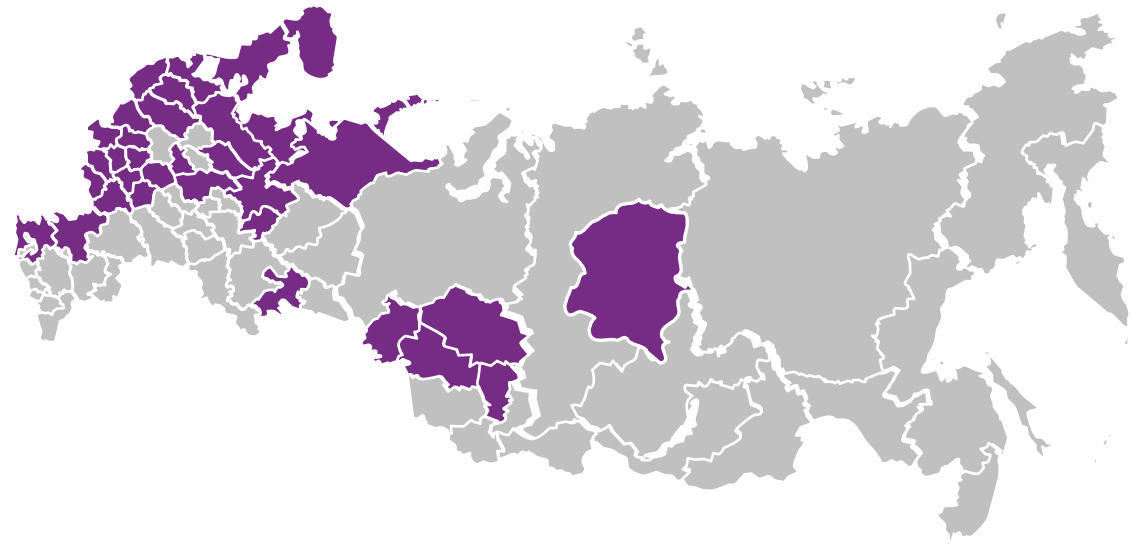
Guidance and Concluding remarks

Highlights Q4

- **Group**
 - Total customer base amounting to almost 31 million customers. Net customer intake for the group 803,000
 - Net sales grew by 2 percent. Currency-adjusted net sales grew by 8 percent, driven by mobile sales
 - EBITDA grew by 10 percent. Currency-adjusted EBITDA grew by 18 percent. EBITDA margin amounted to 25 (23) percent
- **Russia**
- **Nordic**
- **Central Europe & Eurasia**
- **Western Europe**

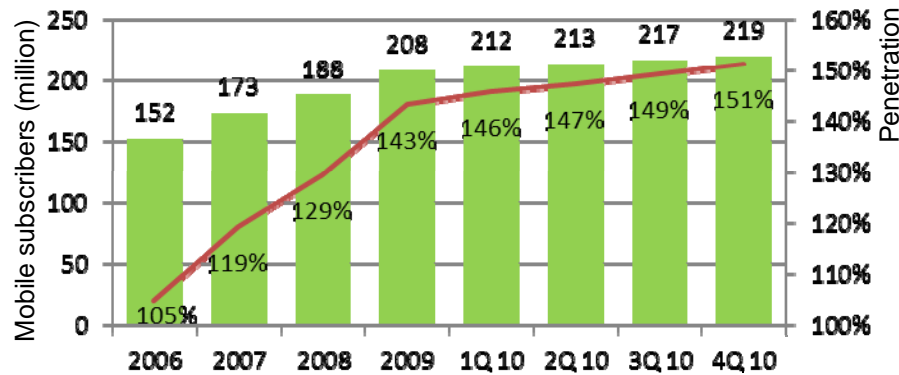
Highlights Tele2 Russia

- 755,000 (1,149,000) new customers in Q4 2010
- Revenue grew by 24 percent in Q4 2010

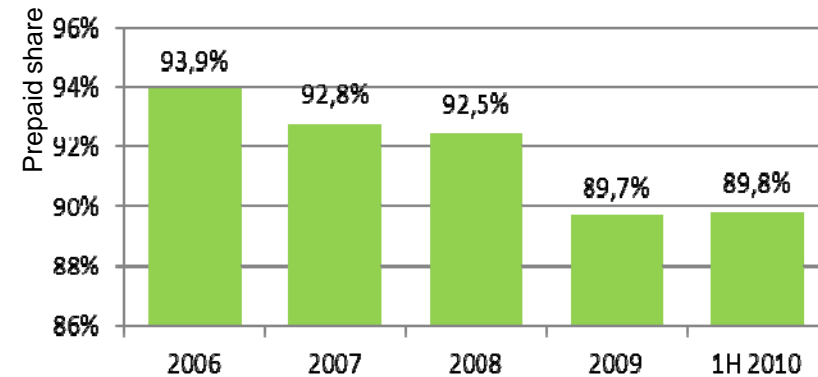


Tele2 Russia: Mobile market overview

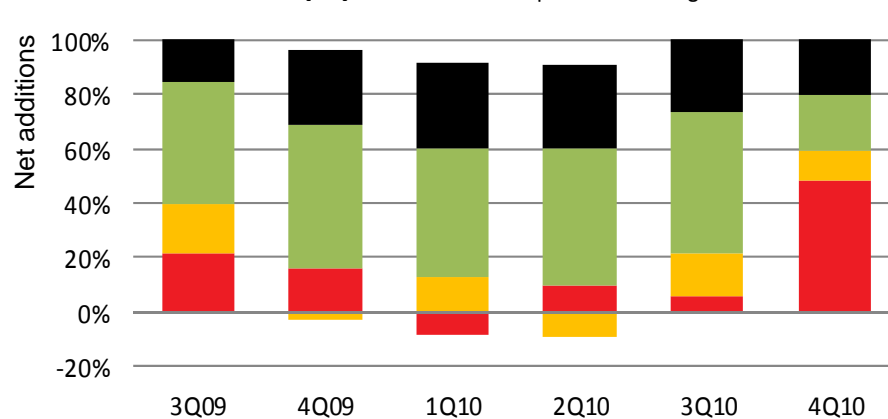
**MOBILE SUBSCRIBERS ('000 000)
AND PENETRATION (%)**



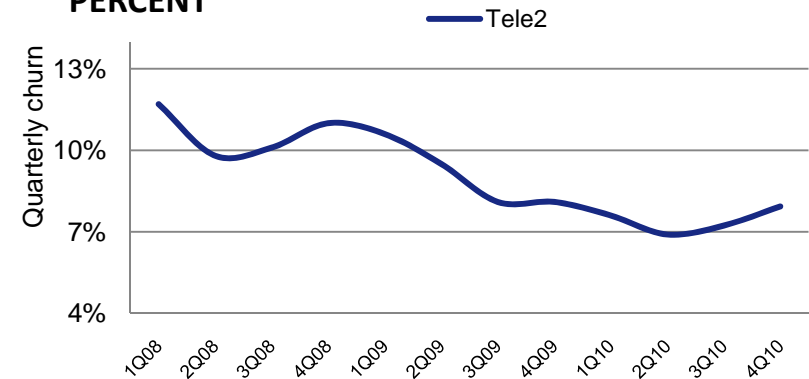
**PREPAID SHARE
%**



**NET ADDITIONS
Share of adds (%)**



**QUARTERLY CHURN
PERCENT**

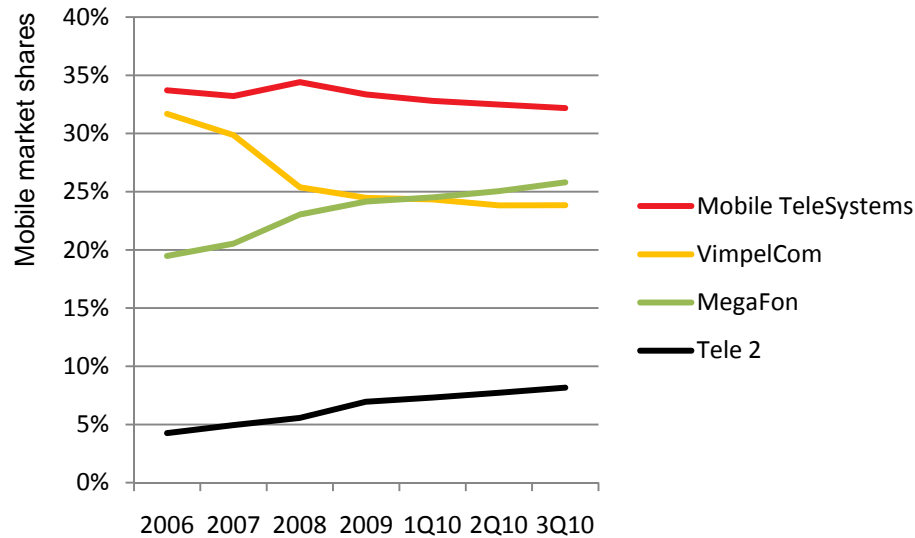


Source: AC&M – 3Q10 Report, Mayson Analysis – Voice Quarterly Metrics, Nov 8th 2010

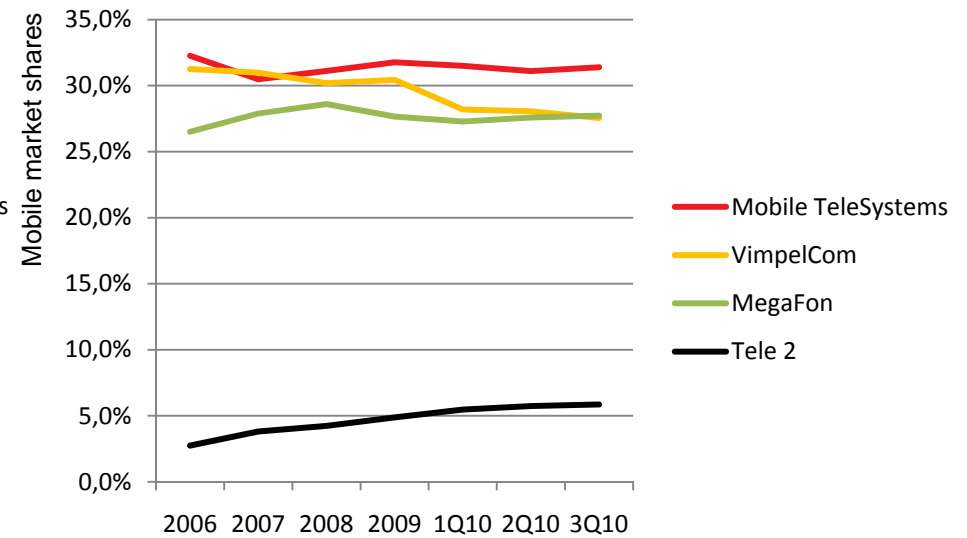


Tele2 Russia: Mobile market overview

**MOBILE MARKET SHARES
PERCENT OF ACTIVE SUBSCRIBERS**

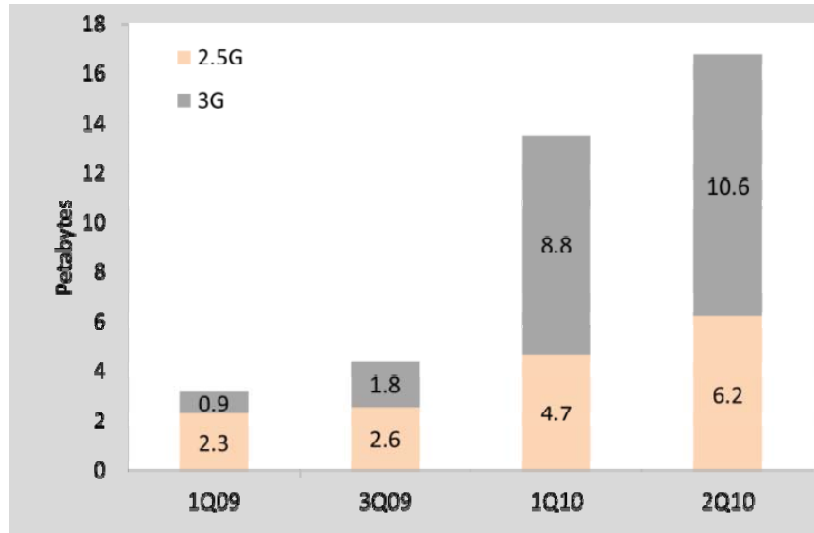


**MOBILE MARKET SHARES
PERCENT OF RETAIL REVENUES**

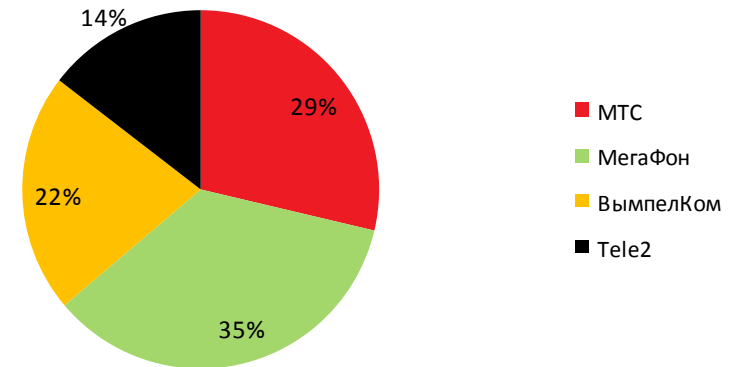


Average TELE2 share (old regions) - 38.5%
 Average TELE2 share (new regions) - 14%
Average TELE2 share (total 37) - 28%

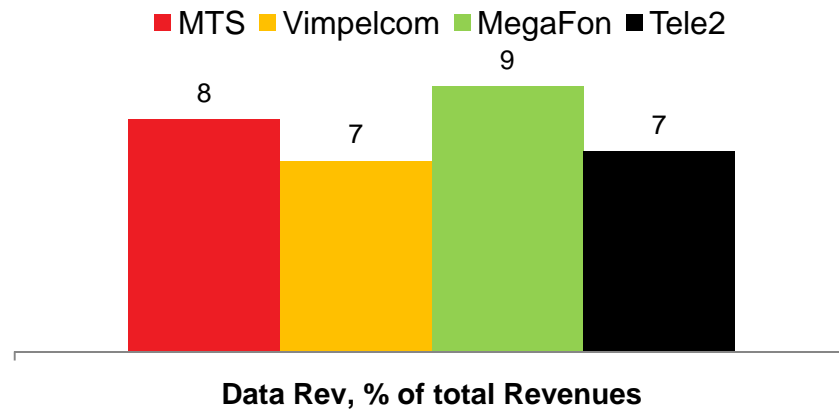
Tele2 Russia: Mobile data market



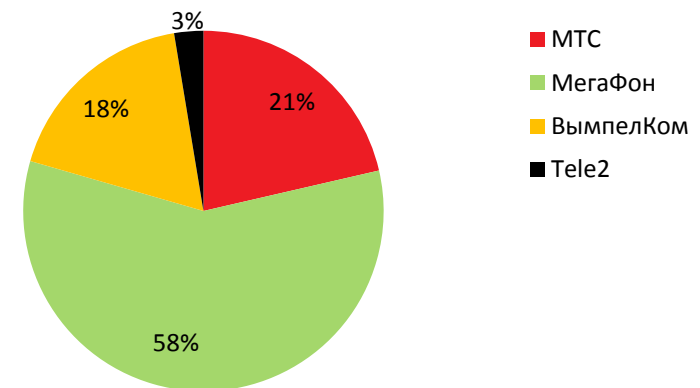
BIG4 DATA REVENUE BREAKDOWN*
TELE2 REGIONS, PERCENT, 3Q10



DATA REVENUE



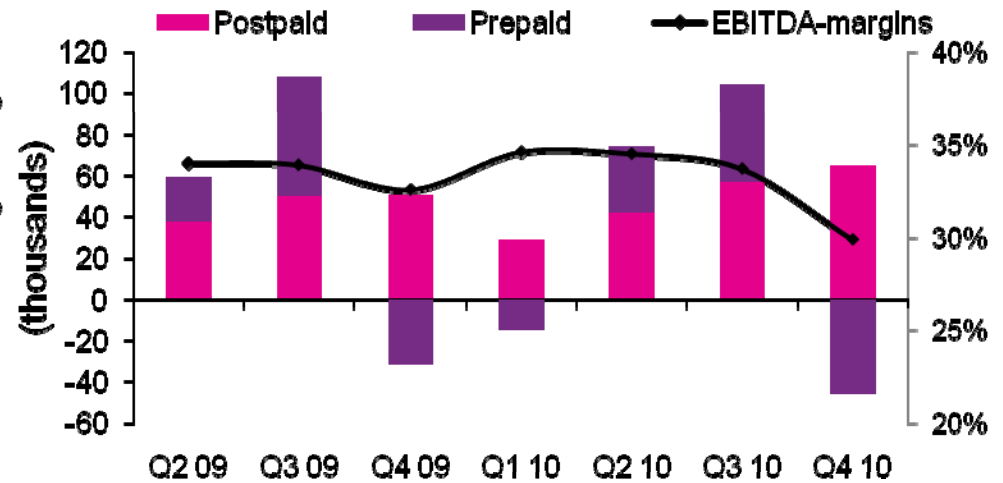
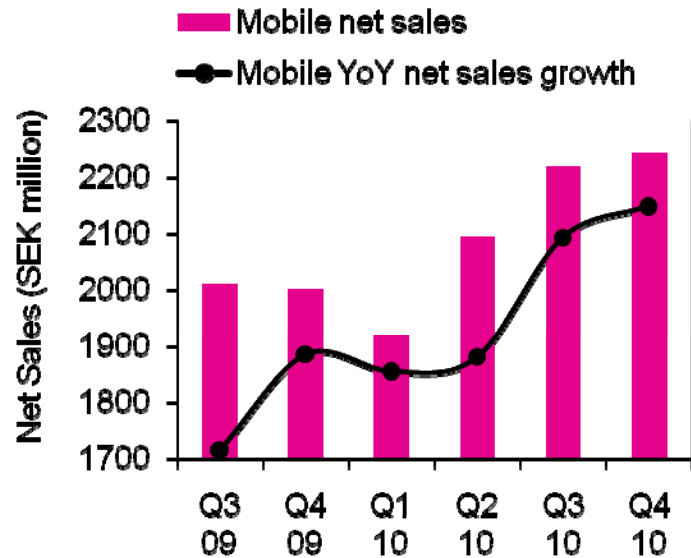
BIG4 DATA TRAFFIC BREAKDOWN*
TELE2 REGIONS, PERCENT, 3Q10



* Tele2 regions internal, BIG 3 – J'son & Partners, 2011, otherwise AC&M, 2010

Highlights Tele2 Sweden

- Increased mobile revenue growth to 12 percent
- Adding 20,000 (20,000) mobile customers, of which 65,000 (51,000) postpaid
- Mobile EBITDA margin 30 (33) percent, due to a larger intake of smart phone customers and increased costs to JVs
- 4G launch in five major cities



Smart phones change the customers' behavior

- **Switching to a smartphone changes the customer's behavior**
 - A customer used to a regular phone quickly increases its usage of voice, text and data.
 - ASPU increases with almost 20%



Smartphone user, who previously used a regular phone

	Minutes*	SMS	MMS	Data	ASPU**
Up-lift	13%	21%	26%	975%	19%

* Out-going minutes
 ** ARPU excluding operator revenue and installments

Top 10 phone sales (Oct-Dec)

1	iPhone4
2	iPhone 3GS
3	Sony Ericsson X8
4	HTC Desire
5	HTC Desire HD
6	Samsung E1080
7	Samsung Galaxy S
8	HTC Wildfire
9	Nokia 1208
10	Sony Ericsson X10 Mini Pro

4G roll out

NETWORK AND TERMINALS PLAN ON TRACK

- 4G Core network installed and operational
- Roll out started of new combined 2G and 4G network in Stockholm, Gothenburg, Malmö, Lund & Karlskrona
- >350 sites swapped to date
- 30 – 50 sites will be swapped each week
- Quality and speed improvements in the 2G network
- Emphasis on 2G quality and coverage

COMMERCIALLY LAUNCHED 15-11-2010

Premiär för nästa generations mobila bredband.

Väntan är över. Nu inviger vi vårt 4G-nät som gör det möjligt att surfa i upp till 80 Mbit/s.

* Erbjudandet gäller t.o.m. 11/01/11. 299 kr per månad gäller i 12 månader vid 18 månaders bindningstid. Därefter ord pris 499 kr per månad. Leveranstid: 10 dagar.



299 kr
per månad*

Bindningstid:

18 månader

Kostnad för Huawei E398

0 kr

Total månadskostnad

299 kr

Beställ

Beskrivning

Priser

Vanliga frågor

Täckning

Modem

Äntligen här!

- Hastigheter upp till 80 Mbit/s
- Surfa obegränsat
- Fr 299 kr/mån de första 12 mån (därefter 499 kr/mån)*
- Modem ingår (värde 1995 kr)

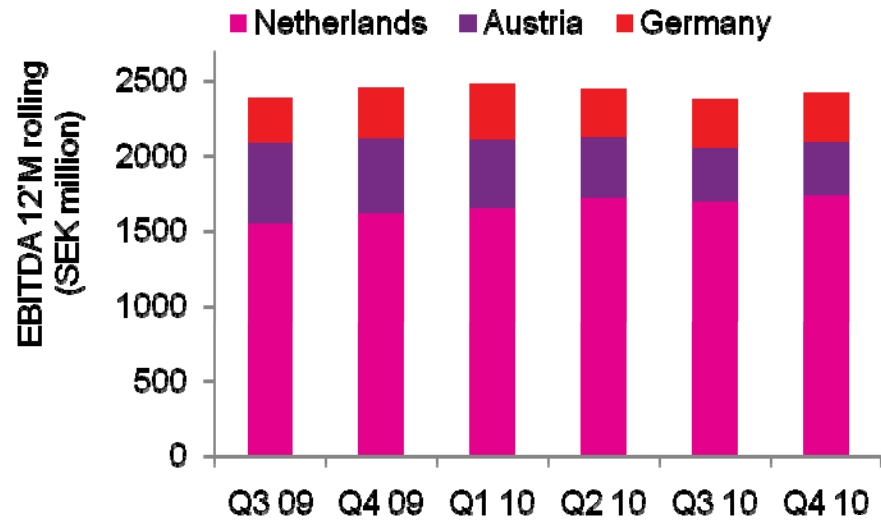
Från och med nu hör långa nedladdningstider och hackande filmer till historien. Samtidigt som du kan spela avancerade online-spel och ha videomöten med riktigt bra bildkvalitet. Nu inviger vi nämligen vårt fantastiska 4G-nät. Utbyggnaden har hunnit längst i Stockholm, Göteborg, Malmö och Karlskrona. Men om bara några månader är vi klara på ytterligare 15 orter. Och redan i slutet av 2012 kommer 99% av Sveriges befolkning att kunna surfa i vårt 4G-nät.

Företagskund klicka här för mer information om 4G.

TELE2

Highlights Tele2 Western Europe

- The Netherlands
 - BBned acquisition completed
- Germany
 - Continued strong EBITDA contribution in fixed telephony of 42 percent
 - Sold shares in Plusnet
- Austria
 - Continued good progress in restructuring program leading to sequential improvement of EBITDA contribution



Tele2 Netherlands: Revenues, segments & focus areas

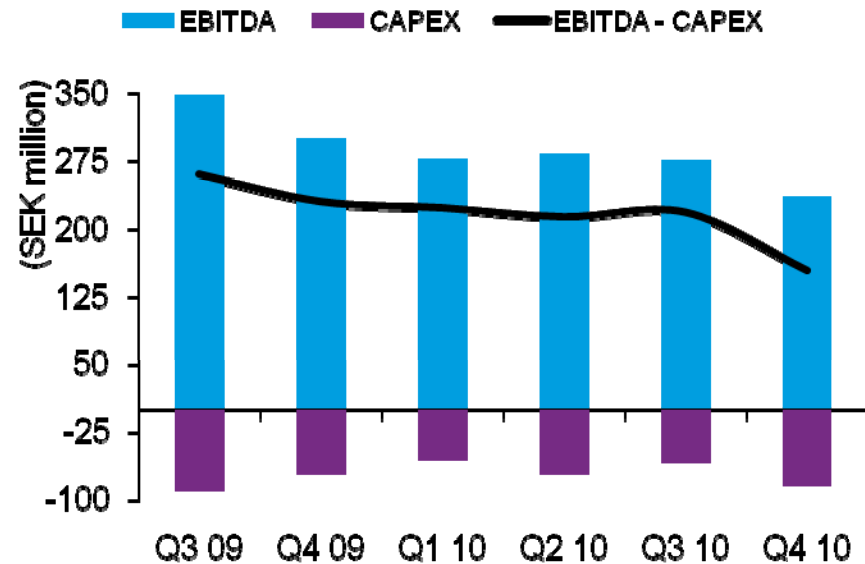
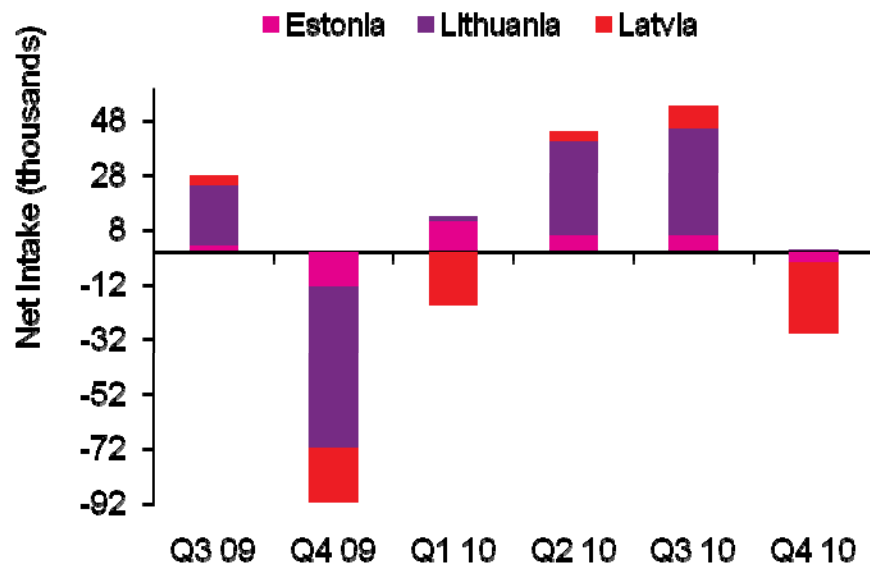
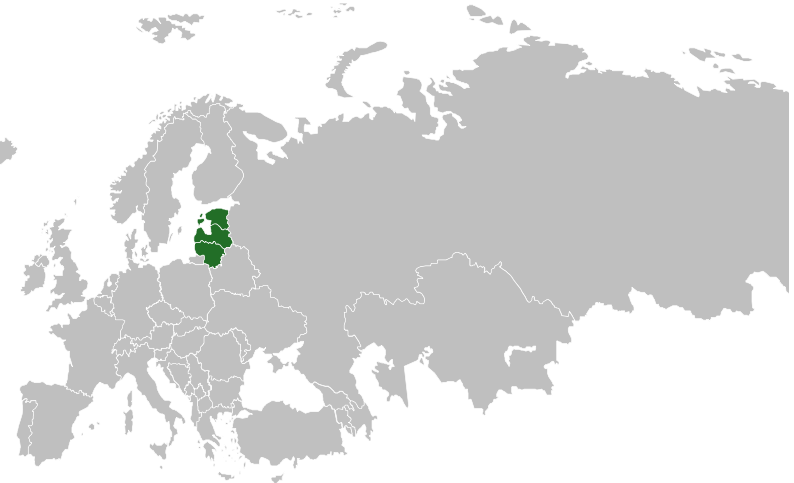
Tele2 NL network



Share of total revenue 2010		
Corporate Fixed & BB (22%)	SME Fixed & BB (7%)	Wholesale (10%)
<ul style="list-style-type: none"> • Tele2 Business is the largest competitor to KPN. That position will be developed & strengthened by acquisition of BBned • Focus on Fixed Data & Telephony, strong position in the corporate & governmental segment. 	<ul style="list-style-type: none"> • Big potential in addressing SME segment by building indirect channel. • Improved offering and market position via BBned ('BBeyond') with a strong indirect channel 	<ul style="list-style-type: none"> • Shift from voice to more data. • Focus on Ethernet portfolio
Residential Fixed & BB (46%)	Mobile (15%)	
<ul style="list-style-type: none"> ▪ Focus on Broadband 3P bundles ▪ Develop Best Deal position 	<ul style="list-style-type: none"> ▪ Currently MVNO based 	

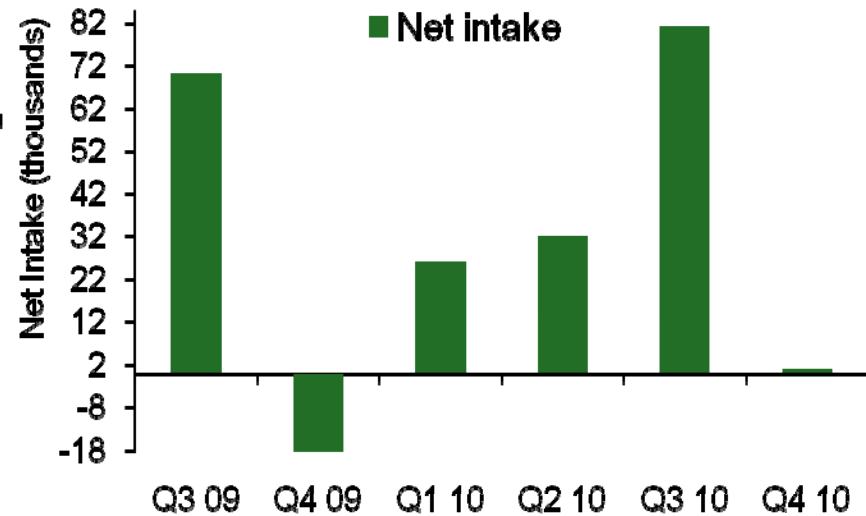
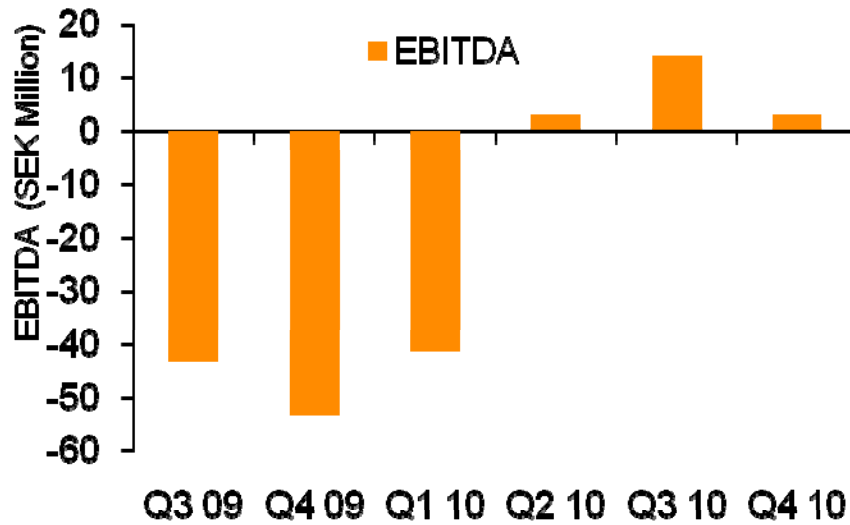
Highlights Tele2 Baltic Region

- Stabilizing economy leading to better operational environment
- Improved demand for postpaid services
- Investment in network capabilities, as demand for mobile internet increases
 - Tele2 Estonia was awarded 4G license



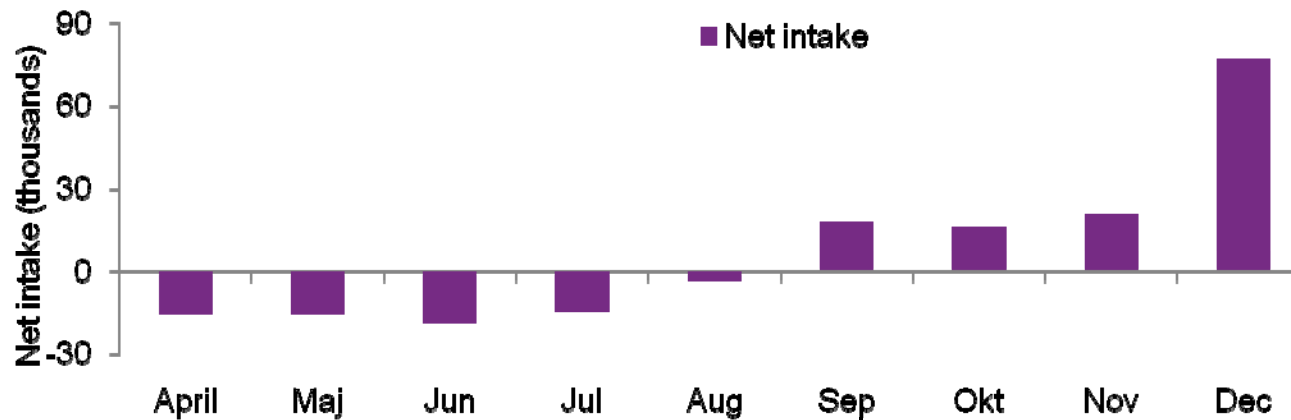
Highlights Tele2 Croatia

- Goal to deliver positive free cash flow 2H 2011 on track
- Solid customer intake despite high seasonal churn
- Tele2 launched 21 Mbps in its 3G network



Highlights Tele2 Kazakhstan

- During the quarter, Tele2 added 114,000 new customers in Kazakhstan, a sequential improvement of the total customer stock by 52 percent.
- Focus on widening the distribution network throughout the country
- Interconnect lowered as of 2011 with good support from NRA



Agenda

About Q3 2010

Financial review

Guidance and Concluding remarks

Q4 2010 group results

SEK million	Q4 10	Q4 09	Change %
Net Sales	10,109	9,953	2%
EBITDA	2,488	2,263	10%
- EBITDA margin (%)	25%	23%	
Depreciation and joint venture	-975	-888	
- Depreciation of Net sales (%)	10%	9%	
One-off items	-157	-64	
EBIT	1,356	1,311	
Normalized EBIT	1,513	1,375	
- Normalized EBIT margin (%)	15%	14%	
Financial items	-155	-124	
Taxes	-102	-267	
Net result, continuing operations	1,099	920	
Net result, discontinued operations	404	184	
Net result	1,503	1,104	

Taxes

Taxes in income statement	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Normal	-277	-441	-348	-339
One-Off	175	1049	-73	-
Total	-102	608	-421	-339

Taxes in cash flow	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Normal	-160	-152	-195	-233

- Administrative Court of Appeal approved Tele2's claim for a deduction of capital loss of SEK 13.3 billion, which was associated with the liquidation of SEC SA in 2001

Currency movements (vs SEK)

YoY Difference in YTD Ave FX Rates, 2010 vs 2009	Q4 2010	Q3 2010	Q2 2010	Q1 2010
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EUR	-10%	-10%	-10%	-9%
RUB	-1.5%	0,5%	+/- 0	-2%

End of Quarter Spot rate vs 31/12-2009	Q4 2010	Q3 2010	Q2 2010	Q1 2010
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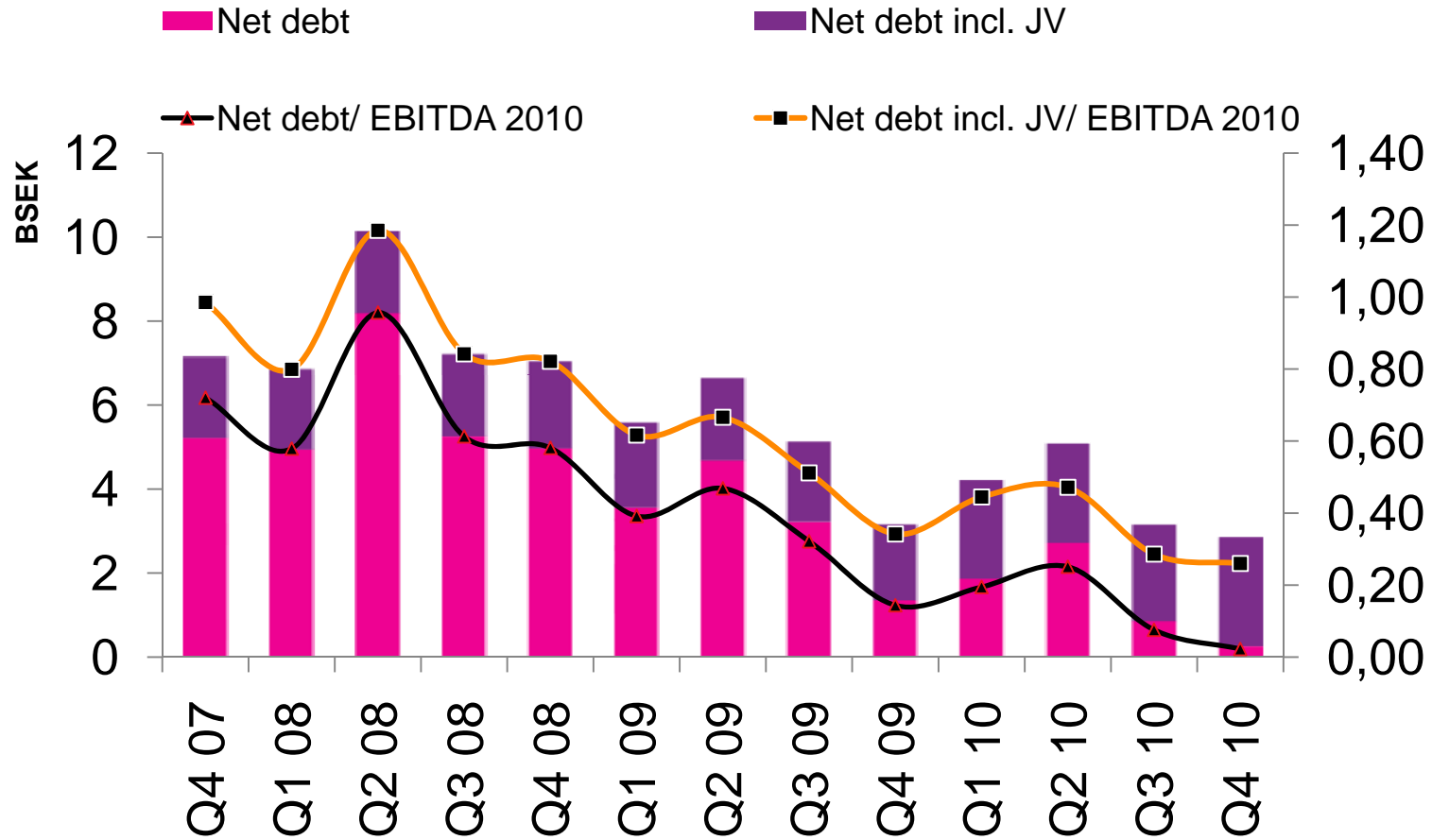
EUR	-13%	-12%	-8%	-6%
RUB	-6%	-7,5%	3%	1%

- EUR/RUB pegged currencies approximately:
 - 62% of sales and
 - 67% of EBITDA

Cash flow for Q4 2010

SEK million	Q4 10	Q4 09
OPERATING ACTIVITIES		
Cash flow from operations, less paid taxes	2,311	2,560
Taxes paid	-160	-205
Changes in working capital	-374	346
CASH FLOW FROM OPERATING ACTIVITIES	1,777	2,701
INVESTING ACTIVITIES		
CAPEX	-1,163	-1,048
Cash Flow after CAPEX	614	1,653
Acquisition and sale of shares and participations, net	-323	344
	<hr/>	<hr/>
	291	1,997

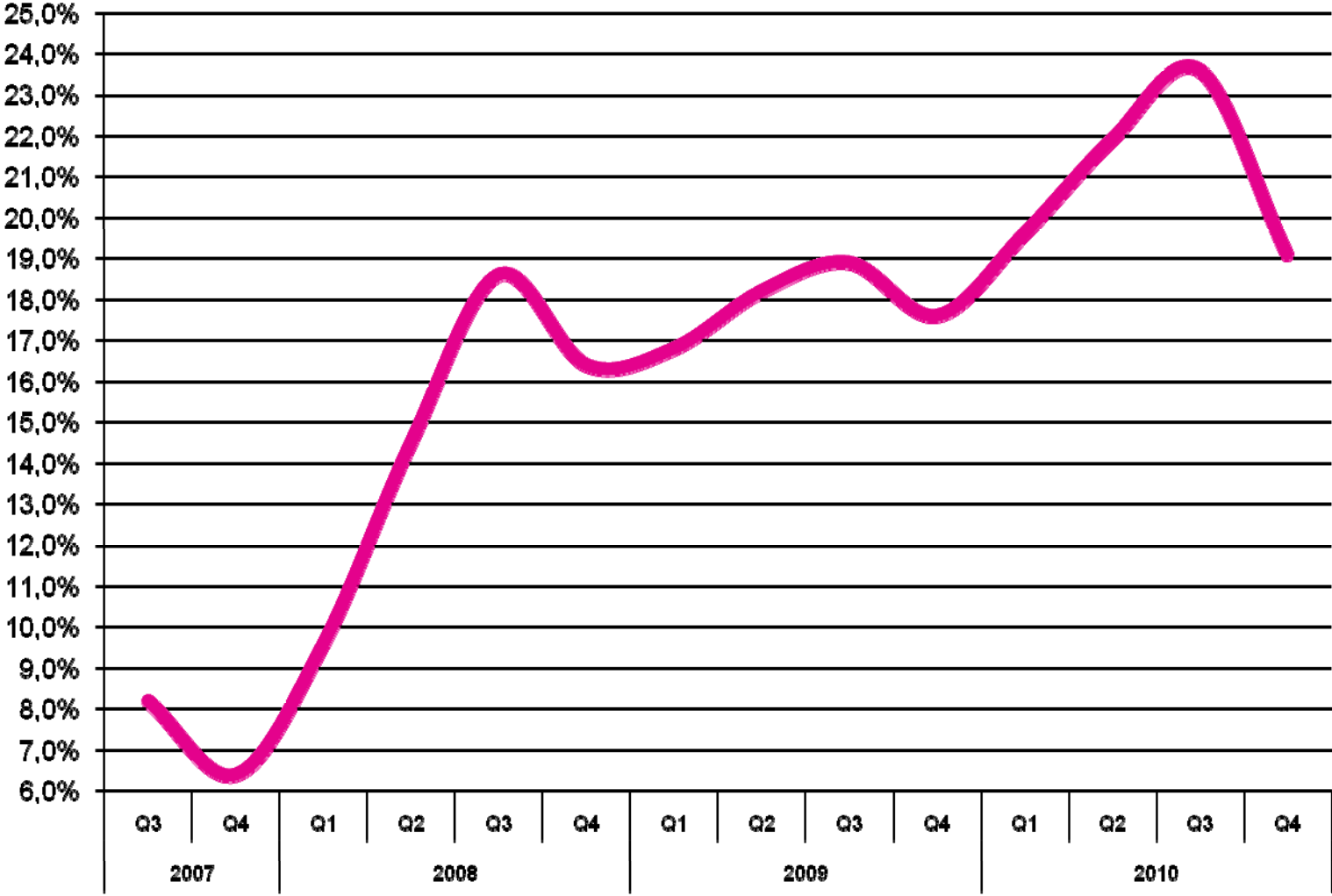
Group financial profile



Net debt and dividend targets

- Shareholder remuneration
 - “Tele2 will seek to pay a progressive ordinary dividend of 50 percent or more of net income excluding one-off items. Extraordinary dividends and the authority to purchase Tele2’s own shares will be sought when the anticipated total return to shareholders is deemed to be greater than the achievable returns from the deployment of the capital within the group's operating segments or the acquisition of assets within Tele2’s economic requirements.”
- Balance sheet
 - “Tele2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The 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.”

ROCE



Agenda

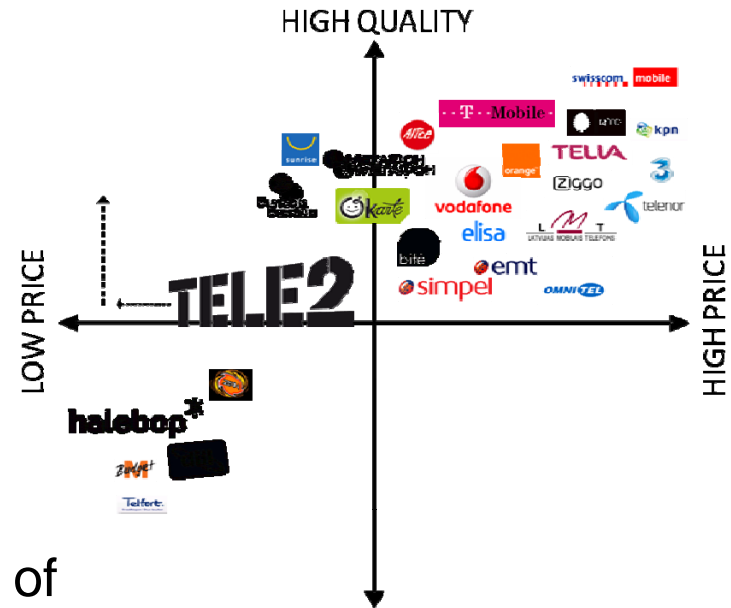
About Q4 2010

Financial review

Guidance and Concluding remarks

Tele2 general group targets

- Best Deal position
- Targeting a long-term mobile EBITDA margin on own infrastructure of at least 35 percent
- All operations should have the ambition of reaching ROCE of at least 20 percent
- The capability to reach a top 2 position, in terms of customer market share, in an individual country or region



Group outlook (changed)

The following assumptions should be taken into account when estimating 2011 results for the Group:

- Tele2 forecasts a corporate tax rate in the range of 26-27 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 1,000 million.
- Tele2 forecasts a CAPEX level that will not exceed SEK 5,500 million, excluding license payments.

Sweden outlook (changed)

The following assumptions should be taken into account when estimating results for the Swedish mobile operations in 2011:

- Tele2 expects mobile revenue to grow with high single digits.
- Tele2 expects a similar EBITDA contribution in 2011 as in 2010 due to instalments and start up costs related to joint venture Net4Mobility.

Norway outlook (new)

The following assumptions should be taken into account when estimating results for the Norwegian mobile operations in 2011:

- Tele2 expects an EBITDA contribution of SEK -100 million due to lower interconnect tariffs and start up costs related to joint venture Mobile Norway

Russia outlook (changed)

Tele2 has GSM licenses in 37 regions in Russia covering approximately 61 million inhabitants. The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia in 2011:

- Subscriber base should reach 20-21 (earlier 19-20) million by YE 2011.
- ARPU should remain stable in local currency.
- Tele2 Russia's total EBITDA margin should evolve in the range of 36-39 (earlier 34-37) percent.
- Capex in Russia should be approximately SEK 2,000 million by YE 2011.

Kazakhstan outlook (changed)

The following assumptions should be taken into account when estimating the operational performance of the total operations in Kazakhstan in 2011:

- EBITDA contribution in 2011 should be approximately SEK -500 million.
- Capex in Kazakhstan should be in the range of SEK 1,200-1,400 million by YE 2011.

Croatia outlook (unchanged)

- Tele2 Croatia will reach free cash flow break-even by 2H 2011

Concluding remarks

Russia

- Strong customer intake and EBITDA contribution in market area Russia

Nordic

- Solid mobile revenue growth in market area Nordic

Western Europe

- Further strengthening its position in the consumer and business segment

Central Europe and Eurasia

- Improved net intake in Kazakhstan, driving better customer trends

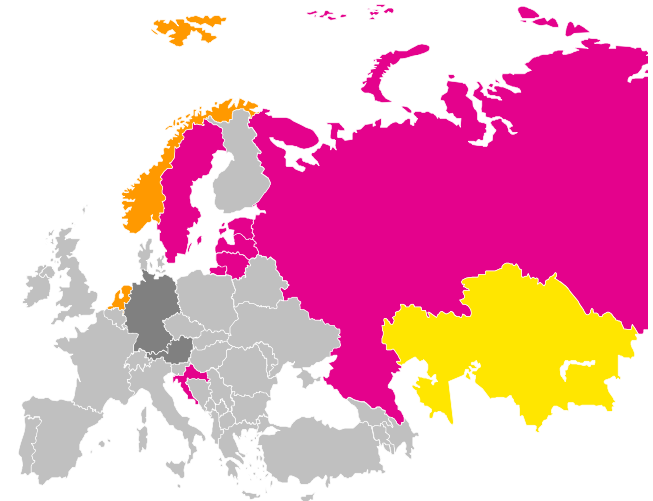
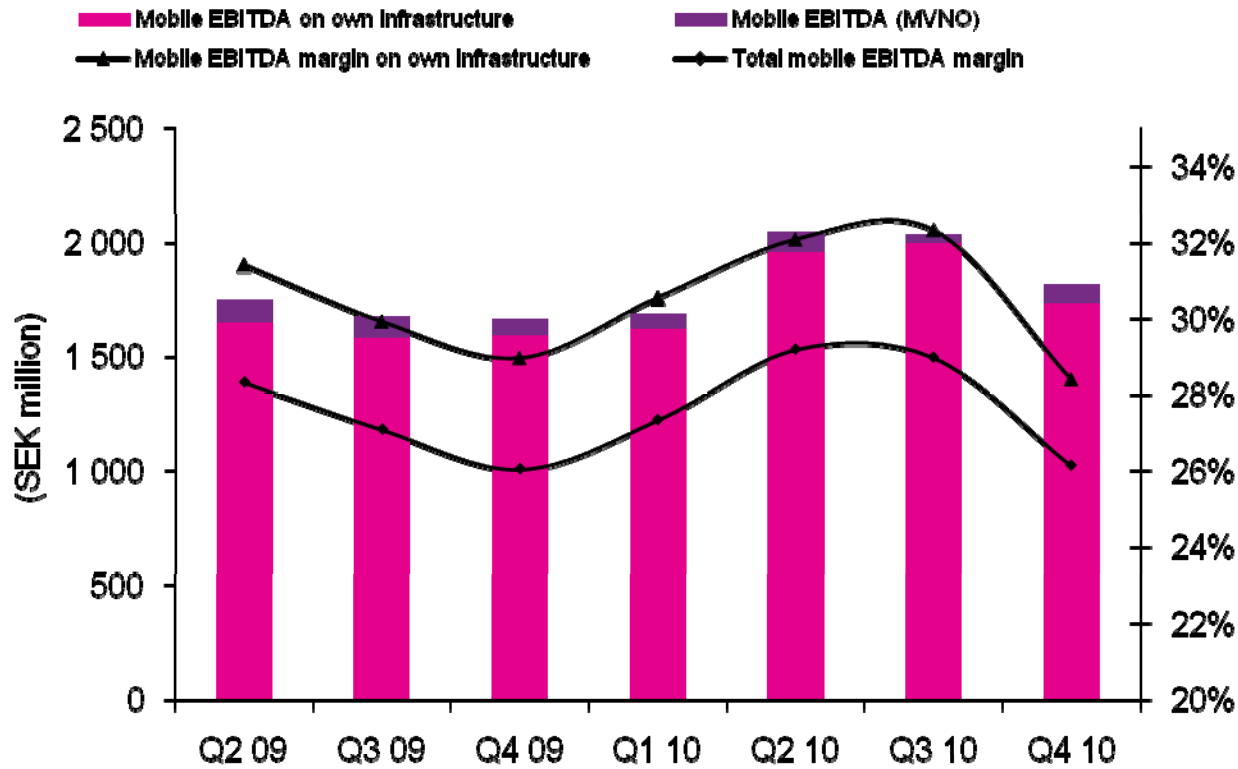
2011: Also an investment year

- Russia
- Kazakhstan
- Sweden
 - 4G
- Norway
 - 3G

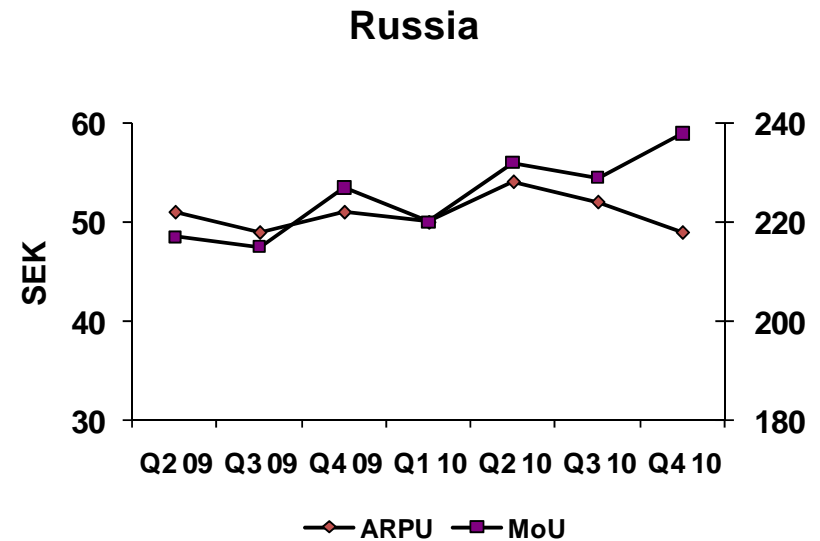
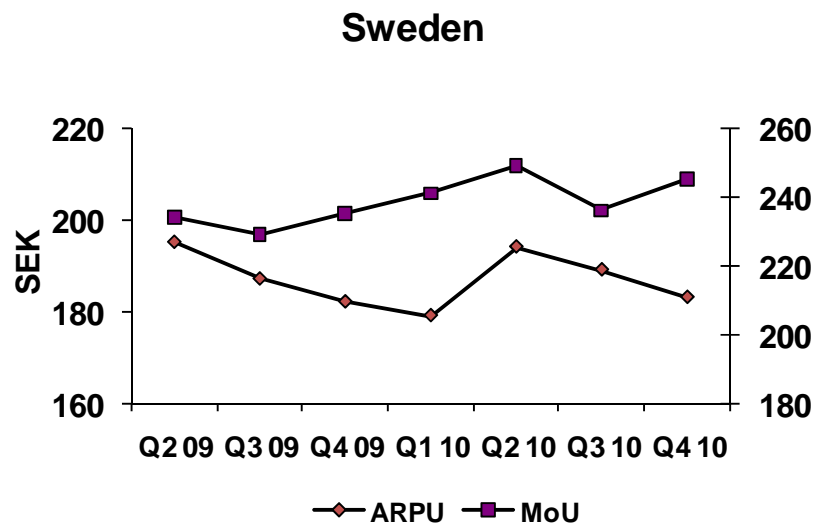
Q&A

Appendix A

Group mobile EBITDA

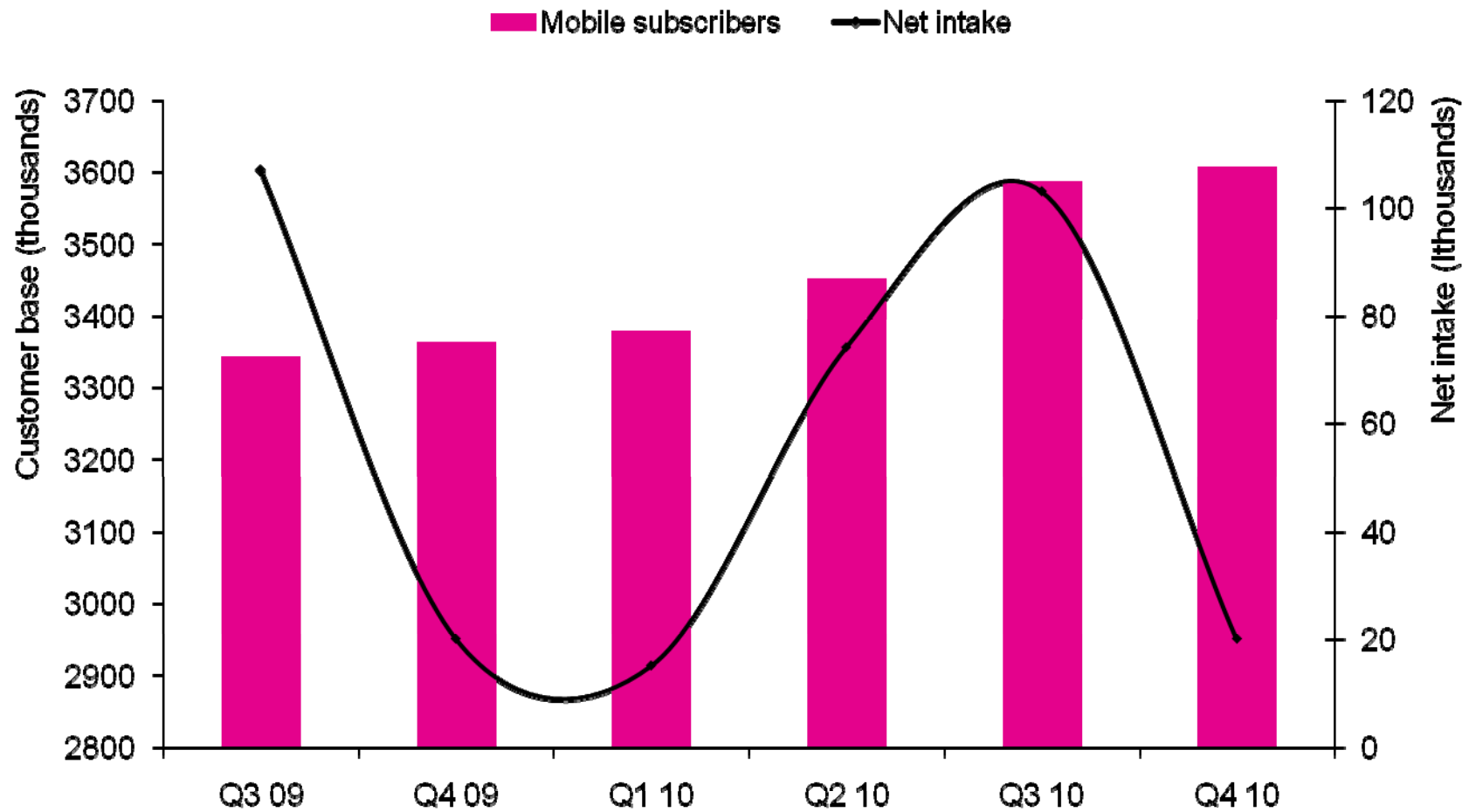


MoU and ARPU development

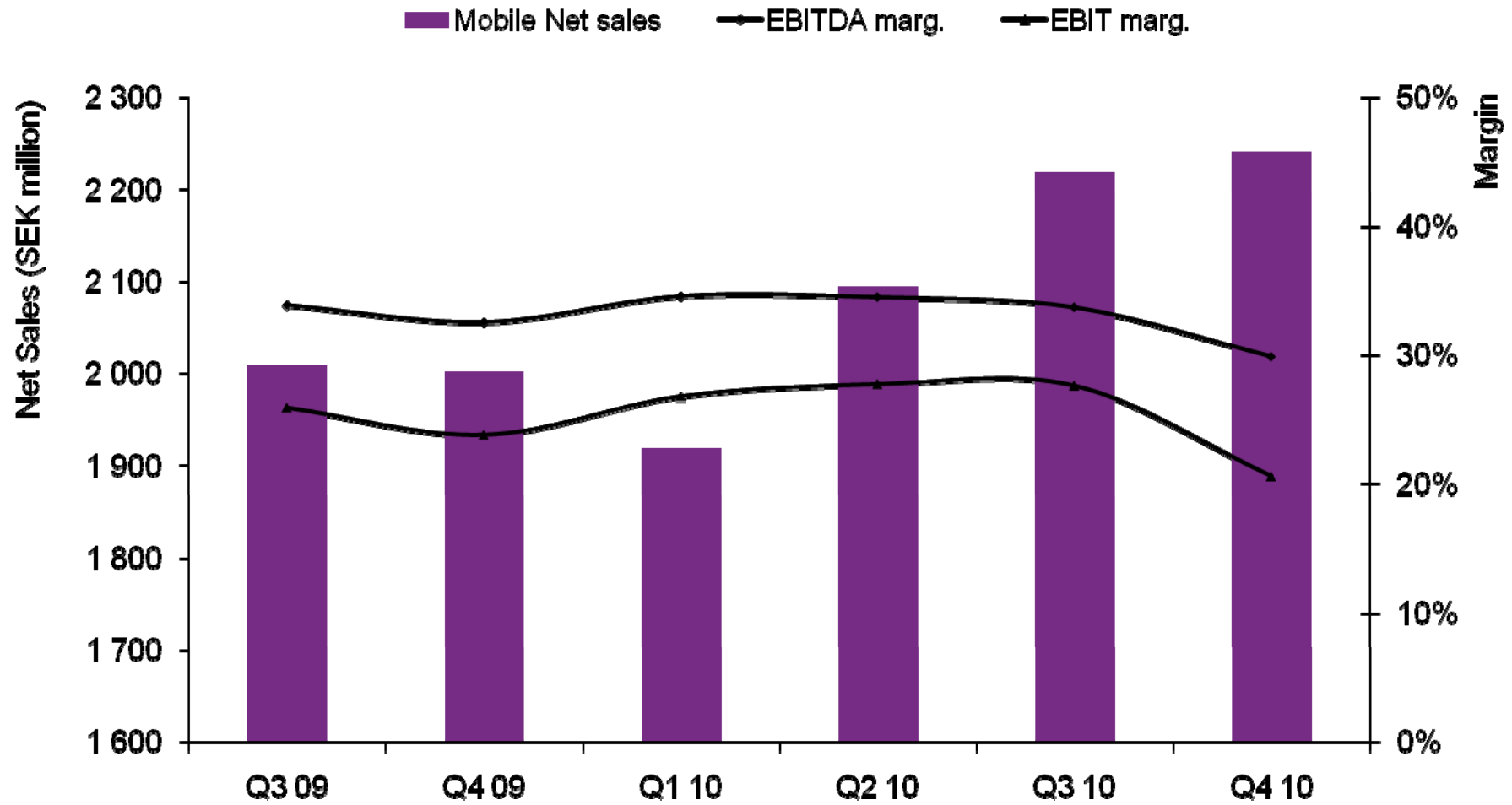


- ARPU development
 - Swedish seeing normal seasonality, supported by data trends
 - Russia affected by currency movement and increased price competition

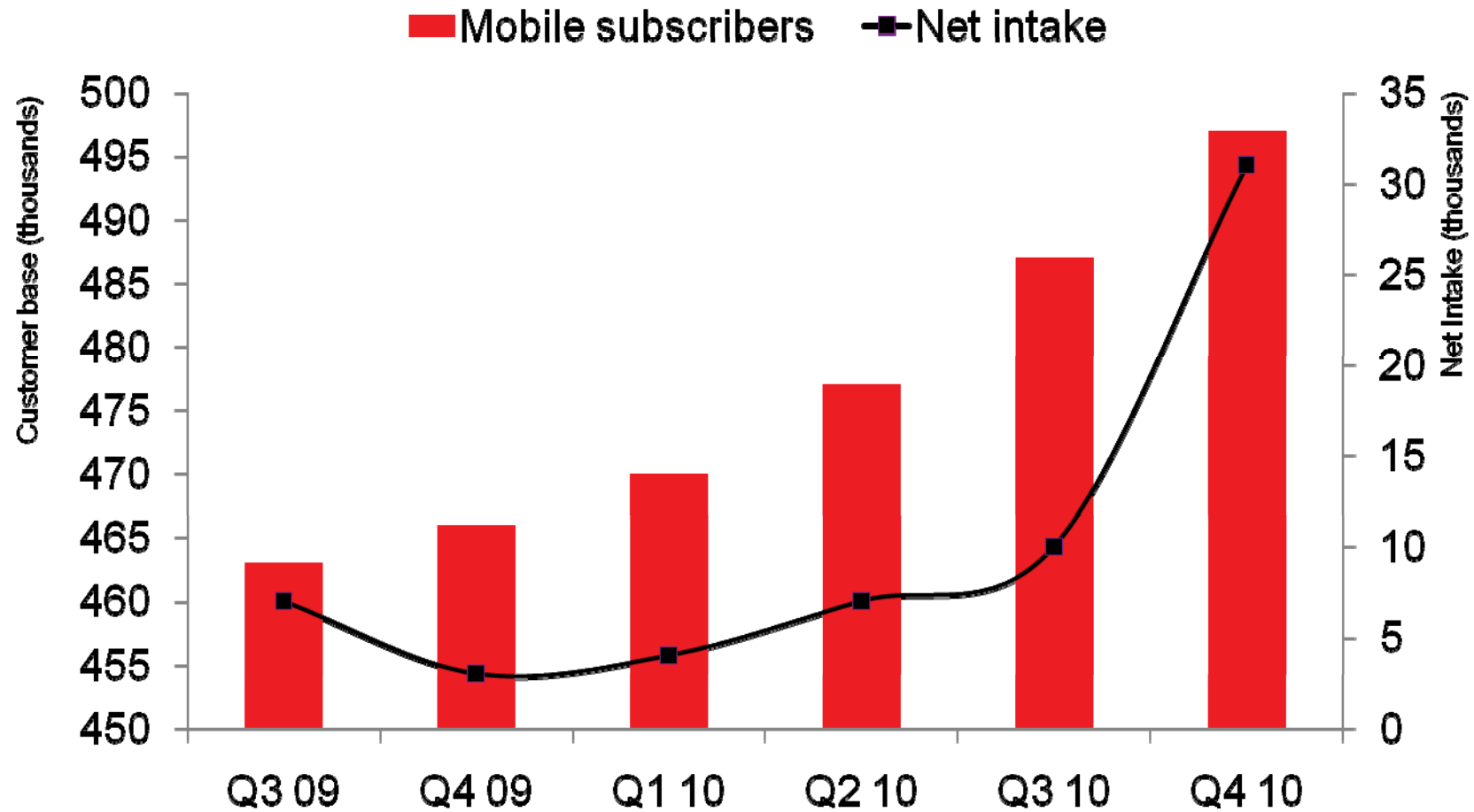
Tele2 Sweden mobile



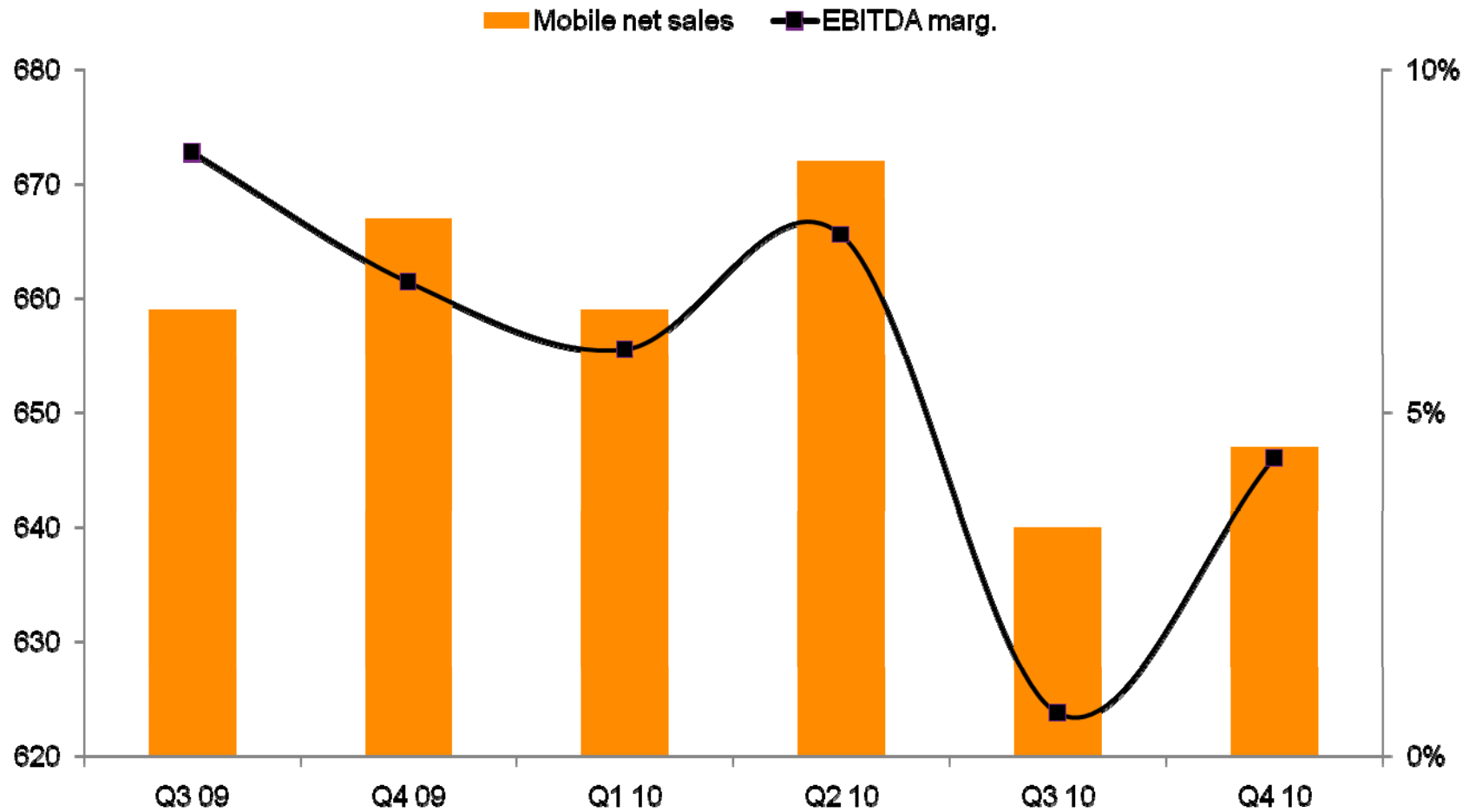
Tele2 Sweden mobile (contd)



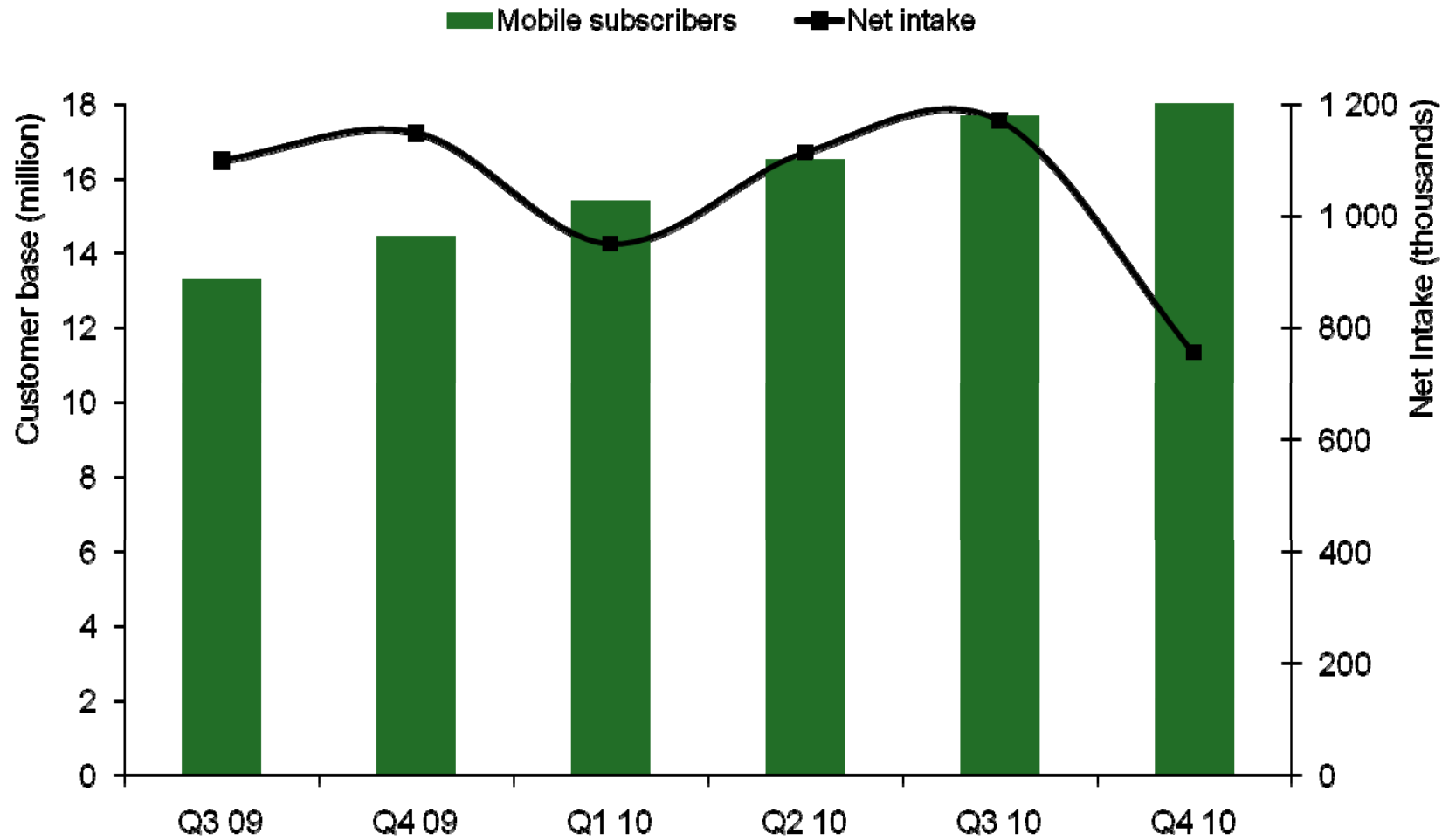
Tele2 Norway mobile



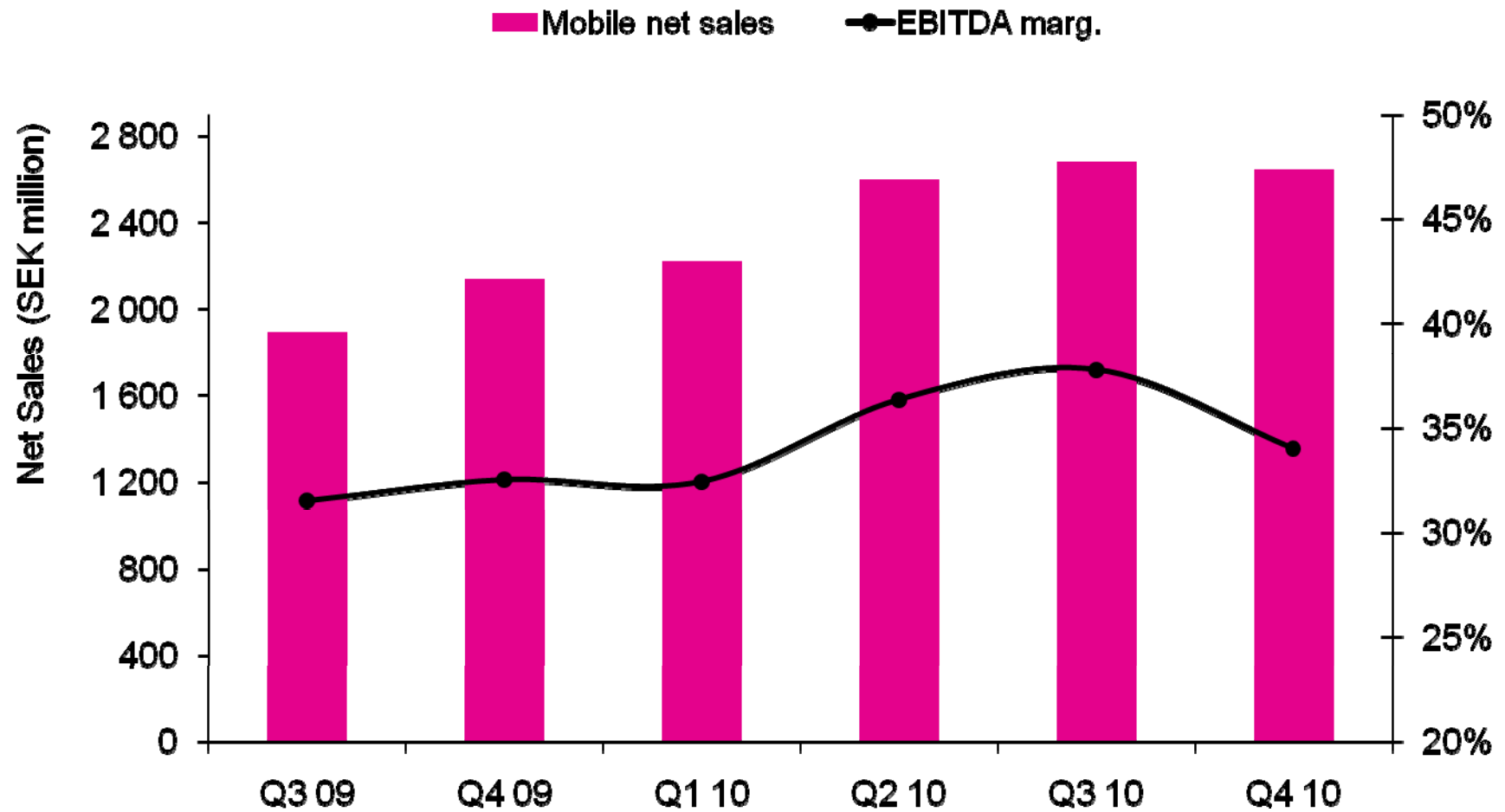
Tele2 Norway mobile (contd)



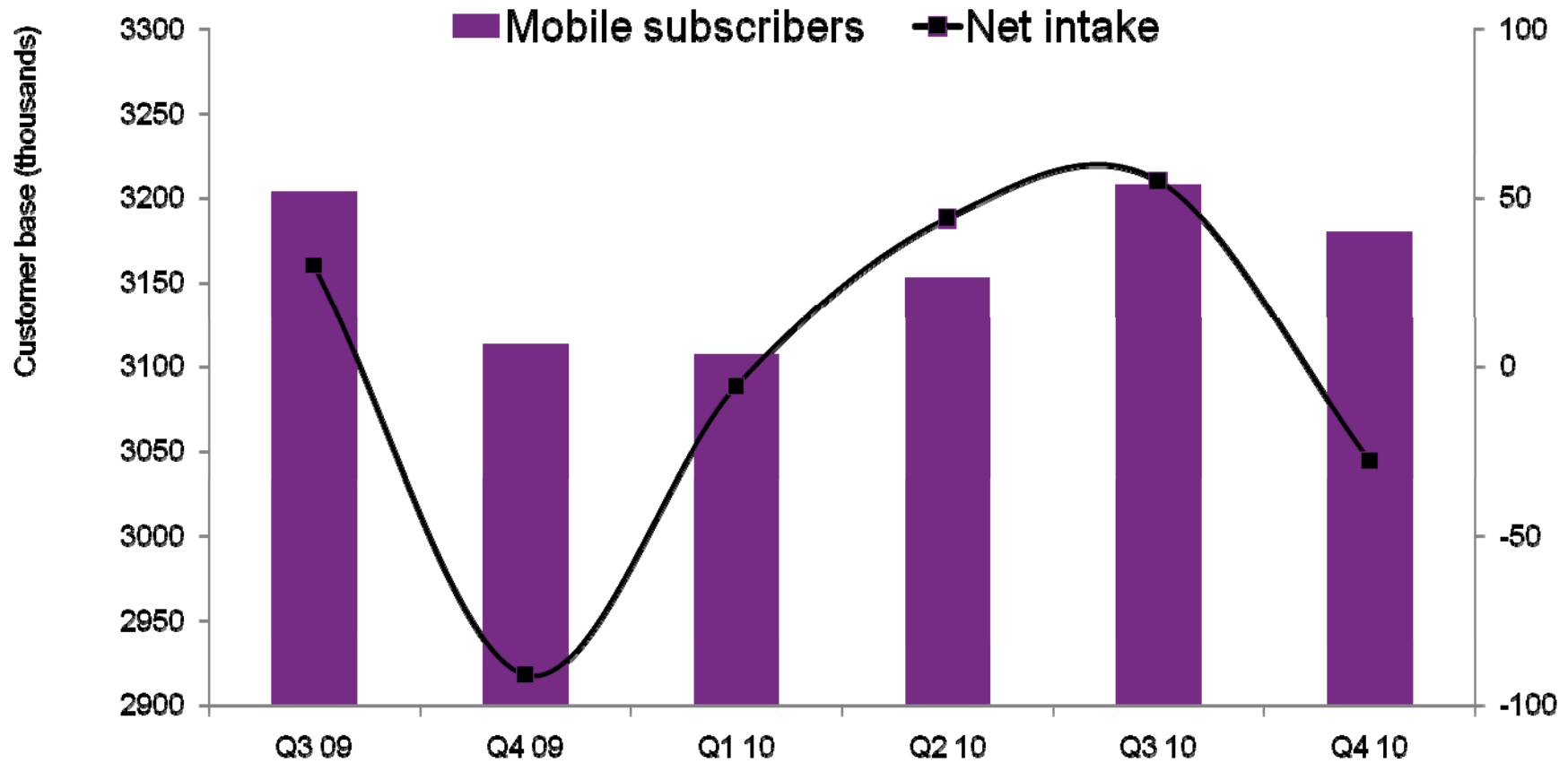
Tele2 Russia mobile



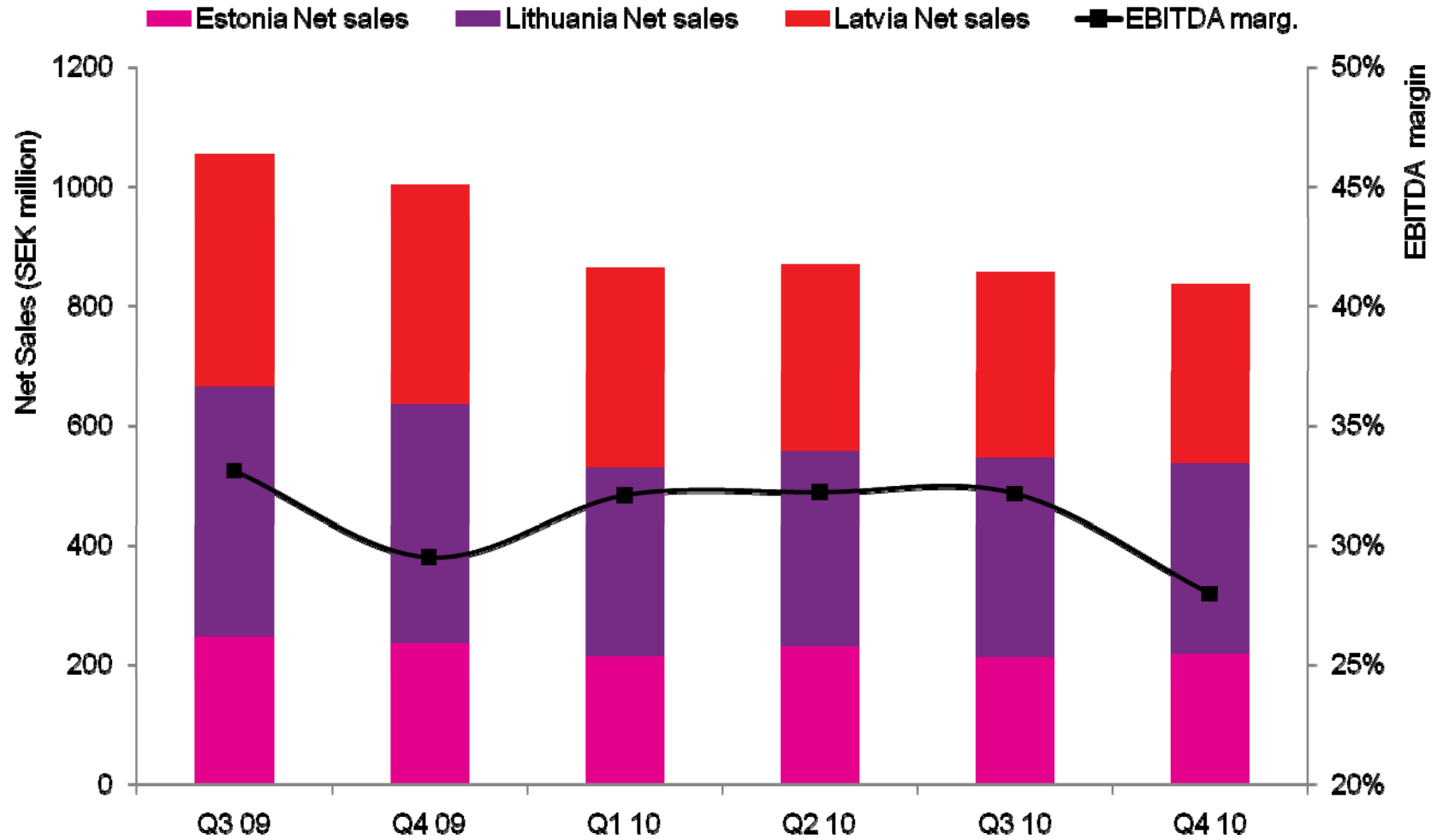
Tele2 Russia mobile (contd)



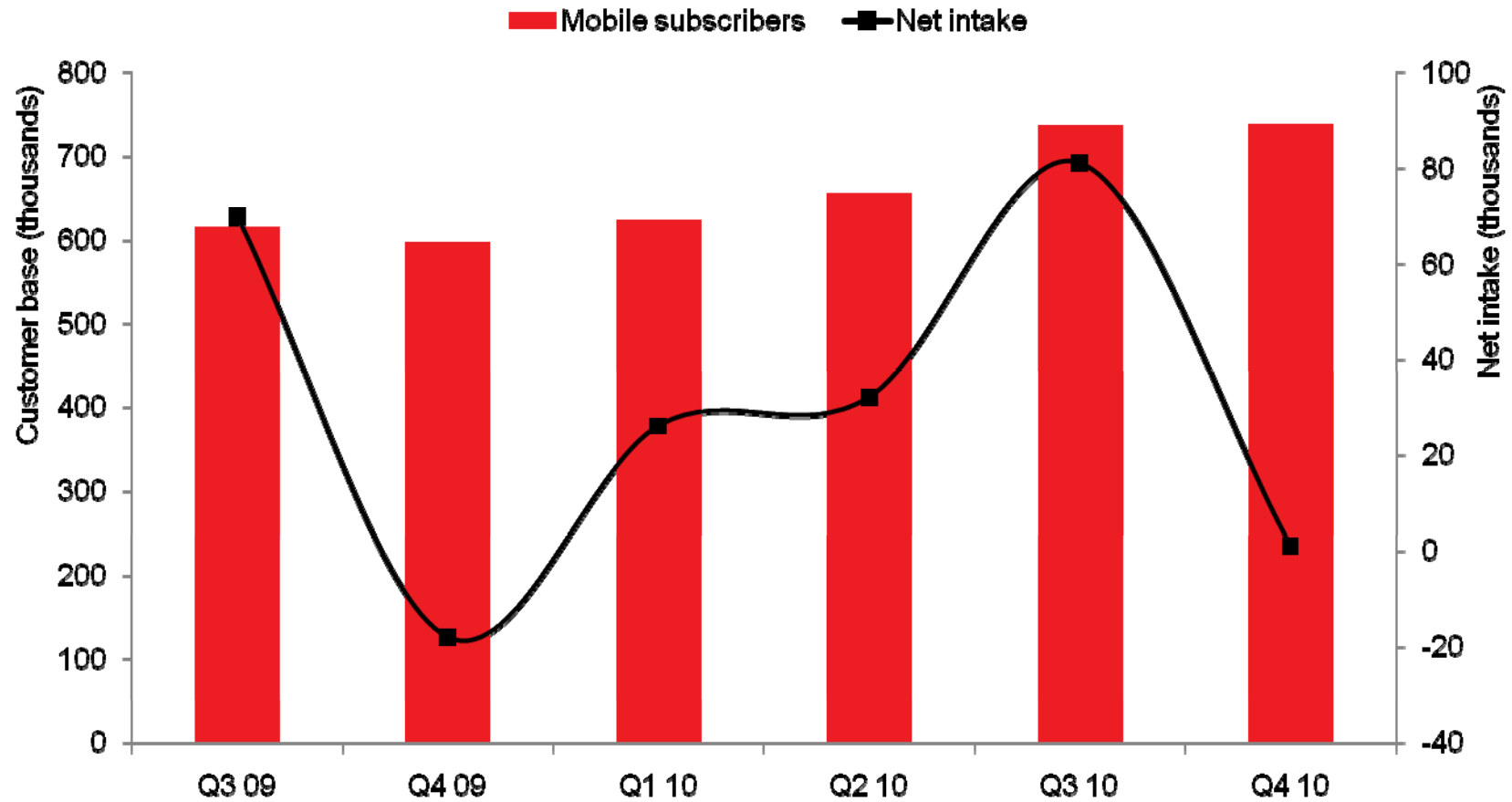
Tele2 Baltic mobile



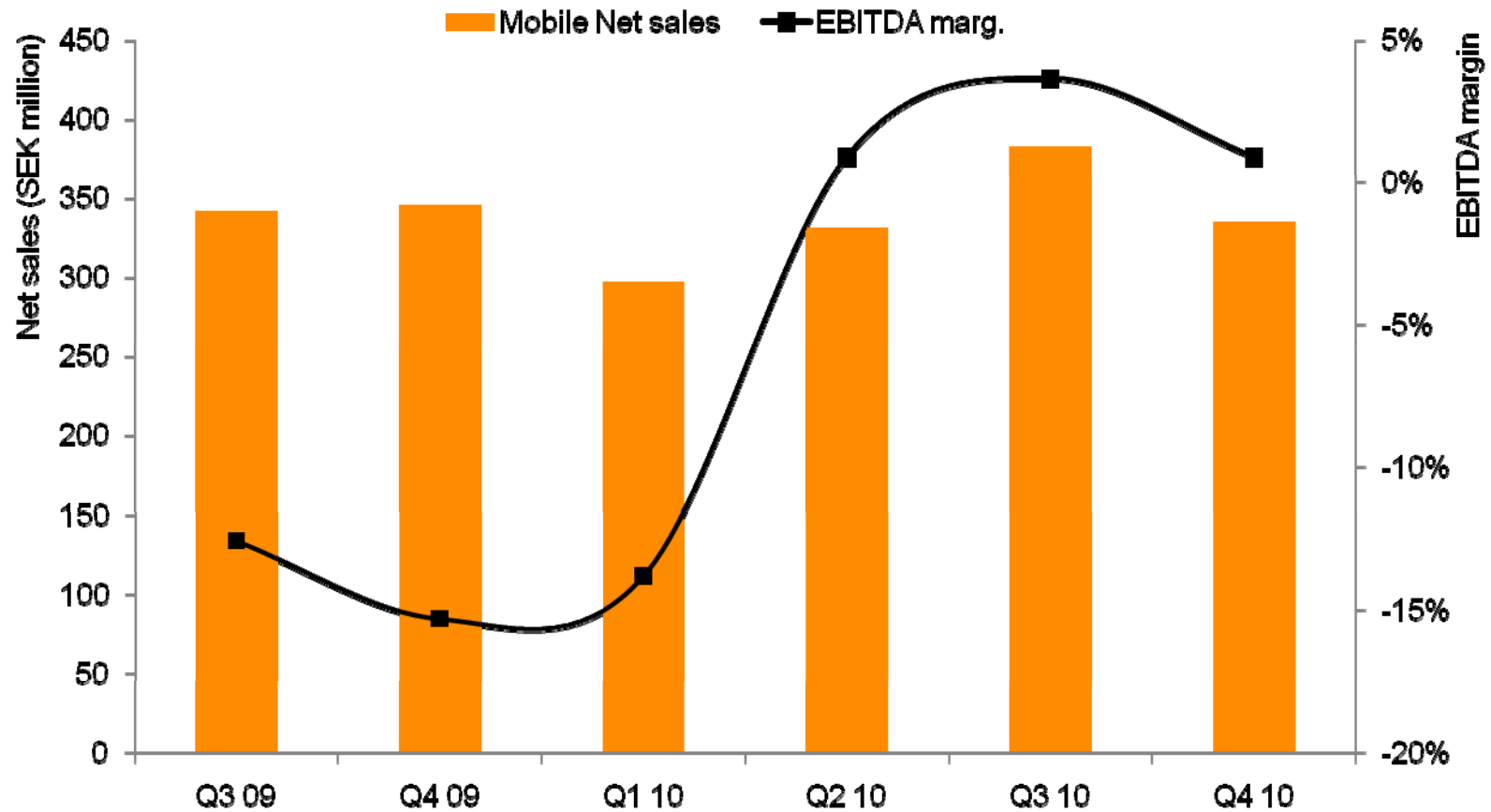
Tele2 Baltic mobile (contd)



Tele2 Croatia mobile



Tele2 Croatia mobile (contd)

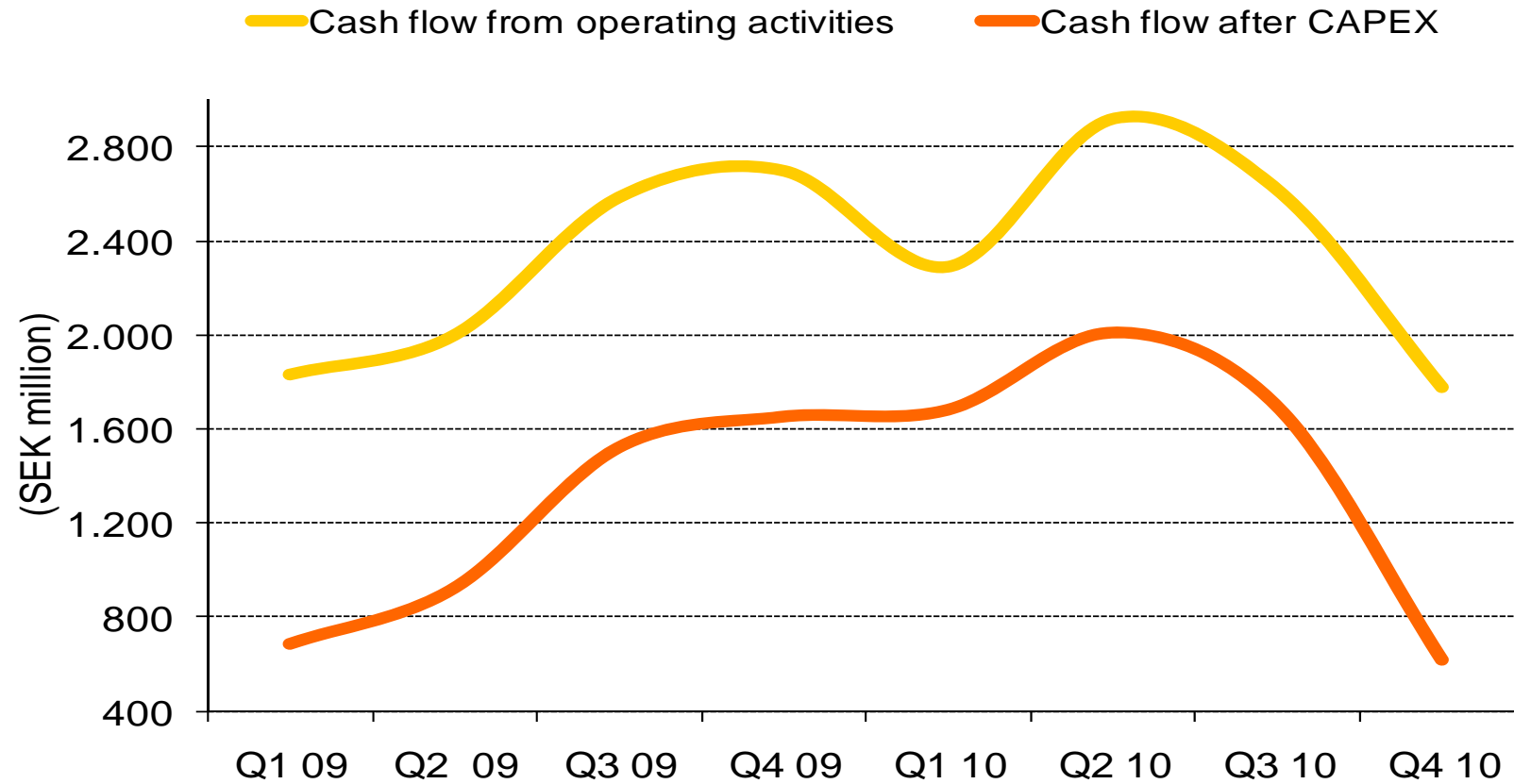


Appendix B

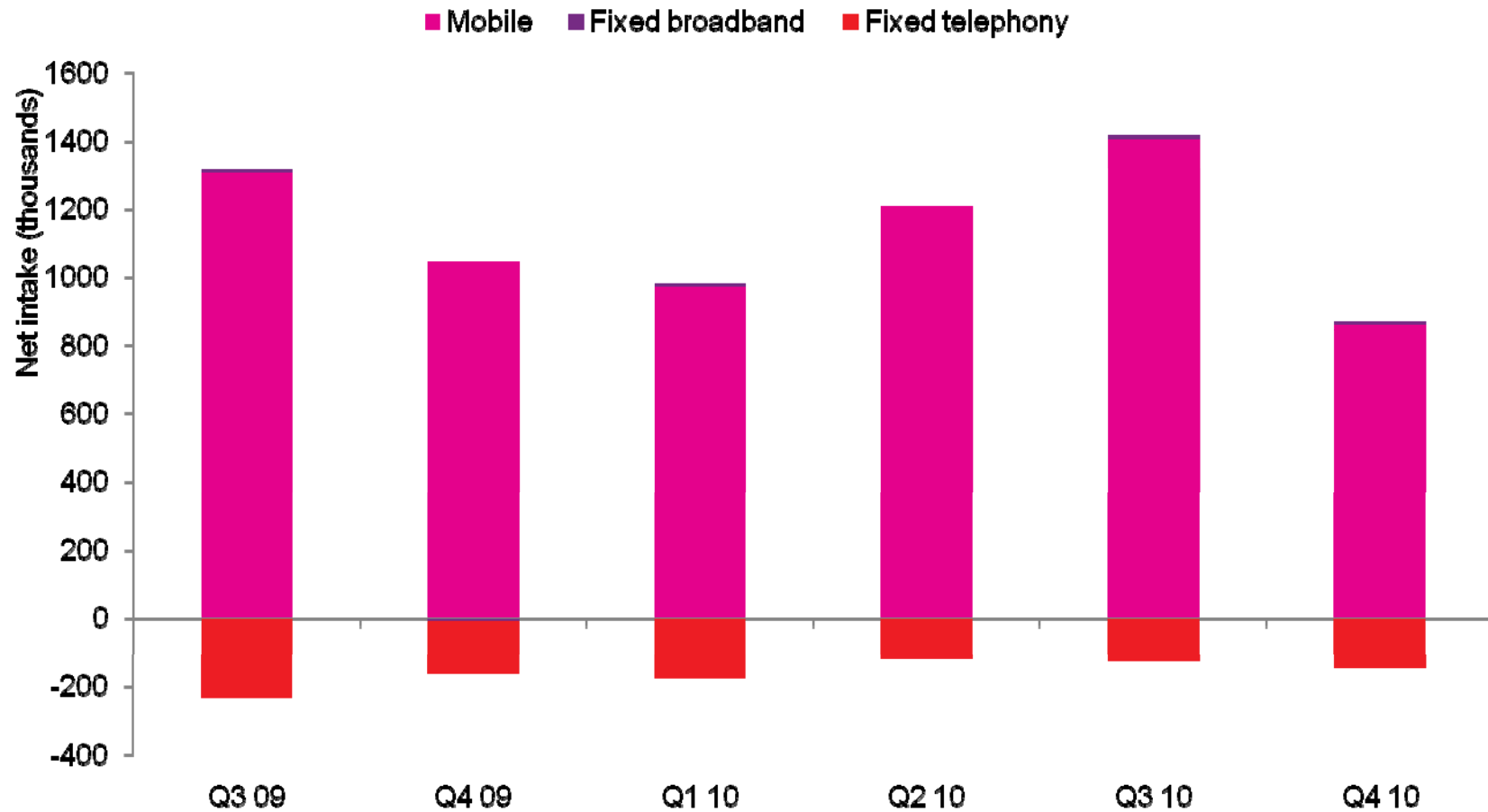
Financial items Q4 2010

SEK million	Q4 10	Q4 09	Change
External			
Net interest expenses	-190	-9	-181
Exchange rate differences, external	71	-61	+132
Other financial items	-48	-24	-24
	-167	-94	-73
Exchange rate differences, intragroup	12	-30	+42
Financial items	-155	-124	-31

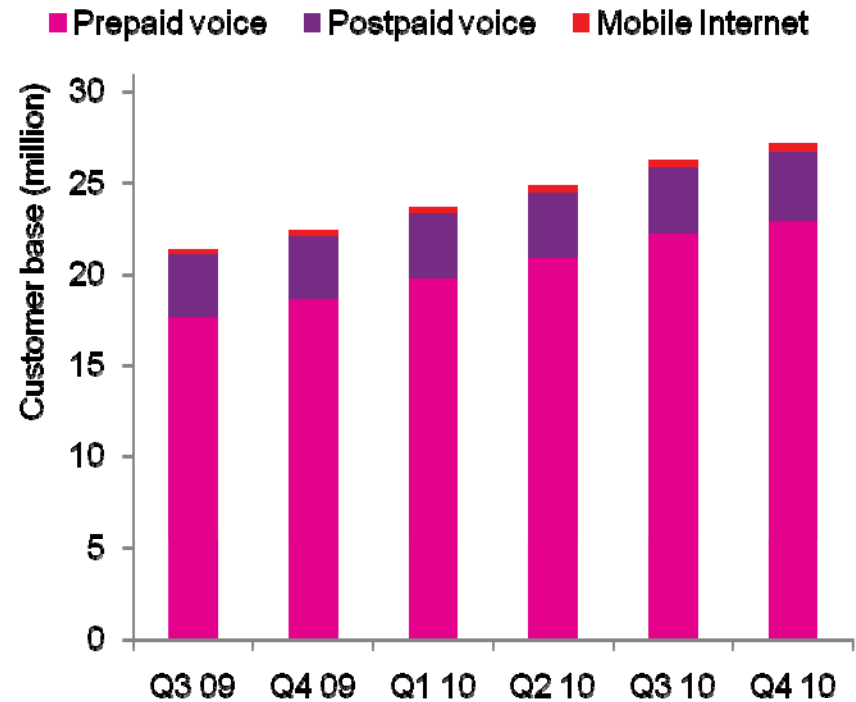
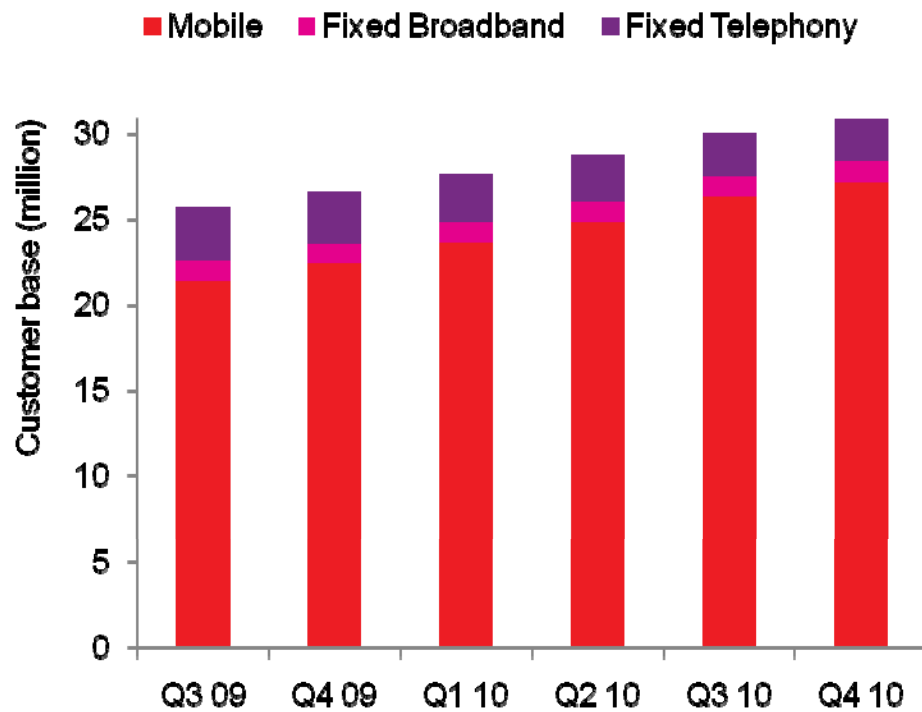
Cash flow development



Group net intake per segment

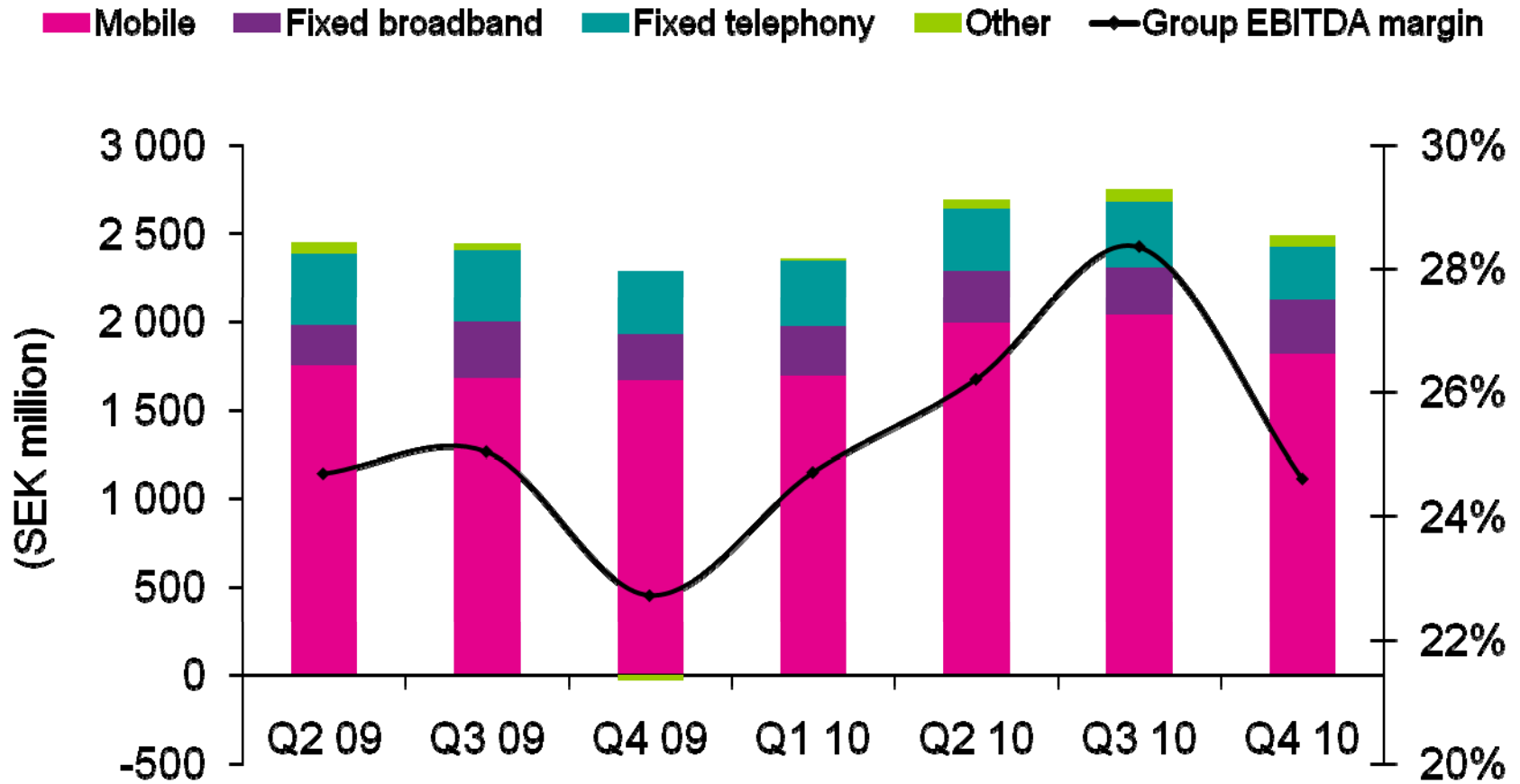


Group customer stock

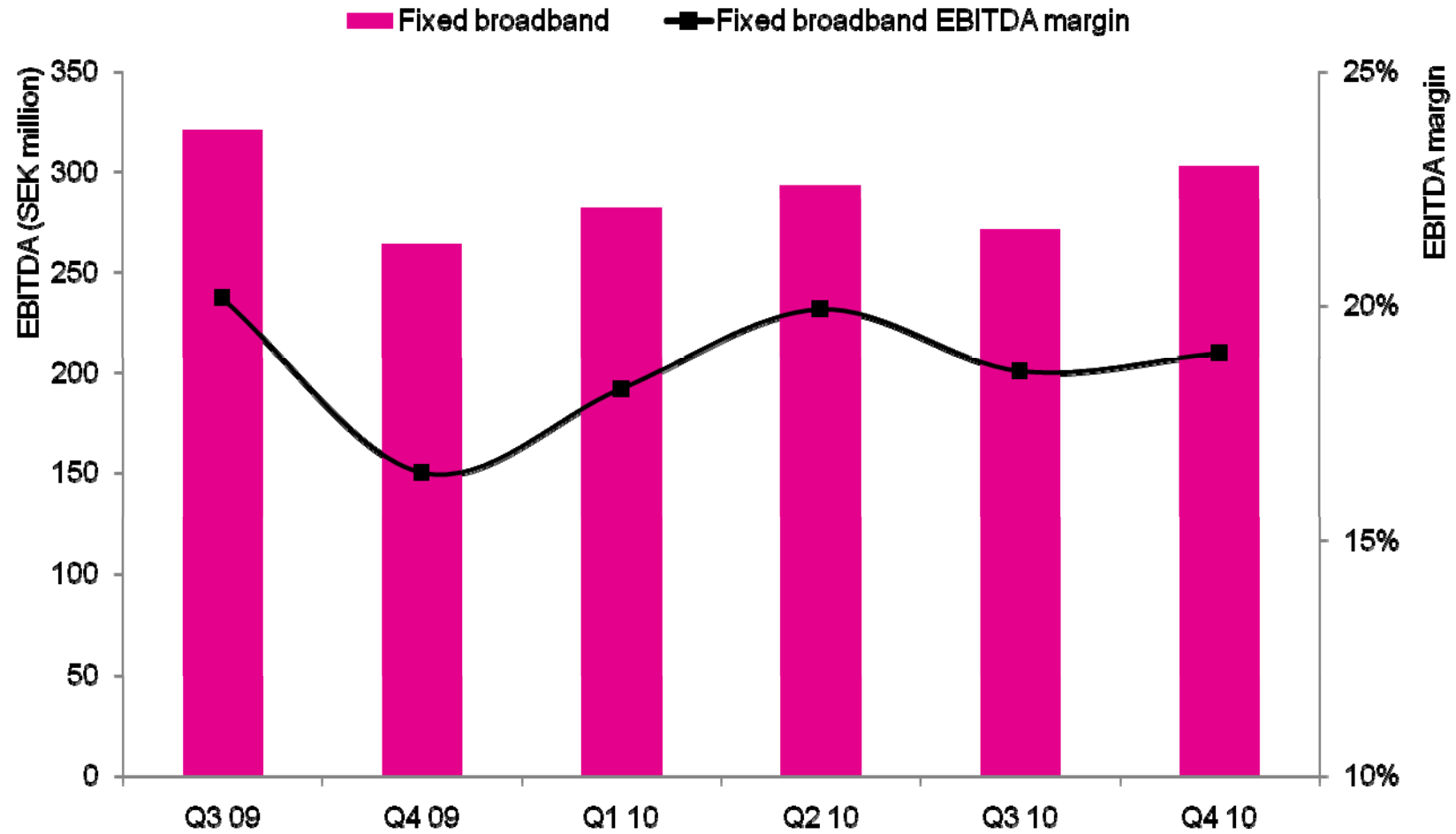


- Strong intake in the mobile segment
 - Driven by Russia adding 755,000 new customers in Q4 2010

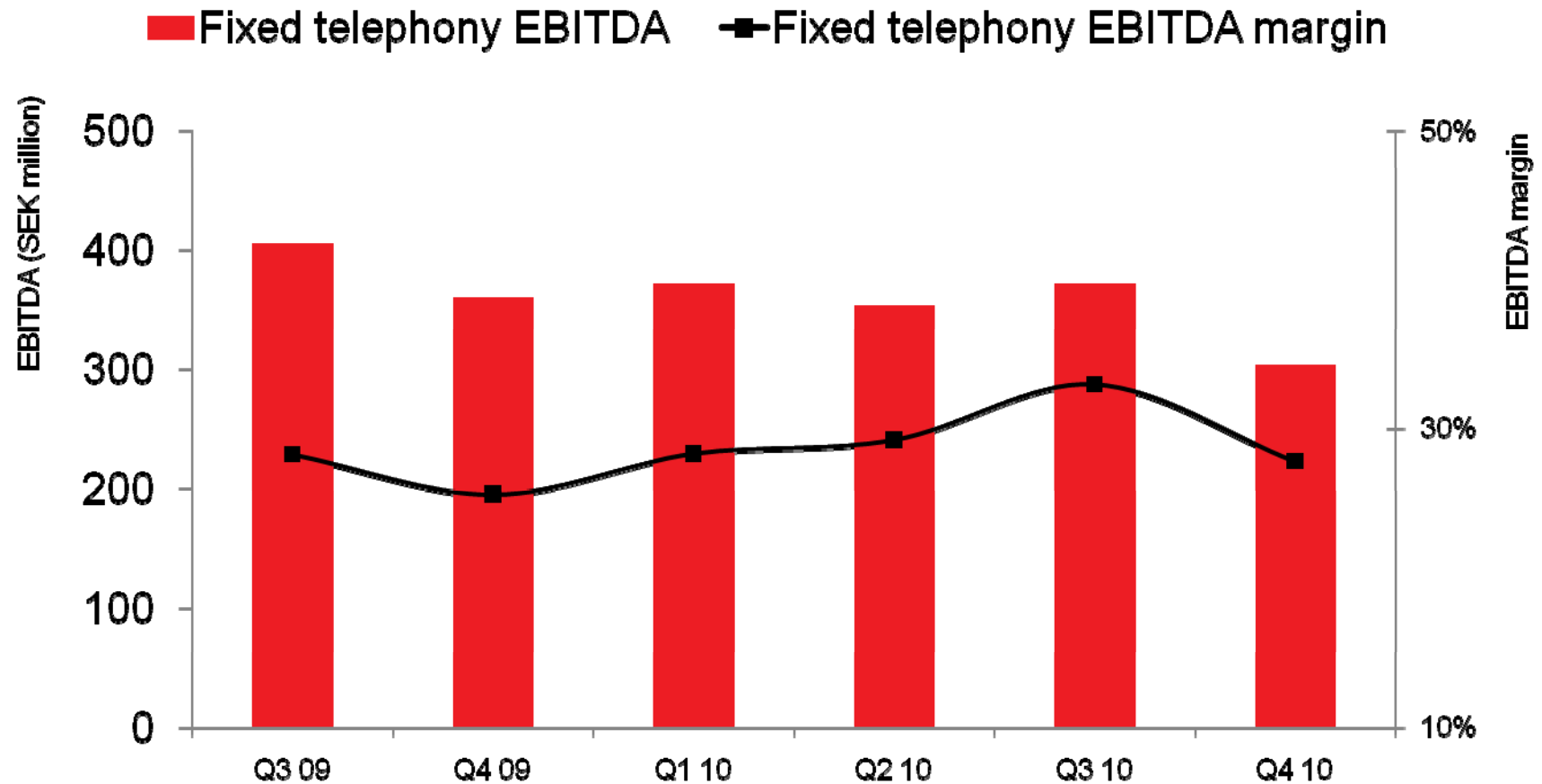
Group EBITDA



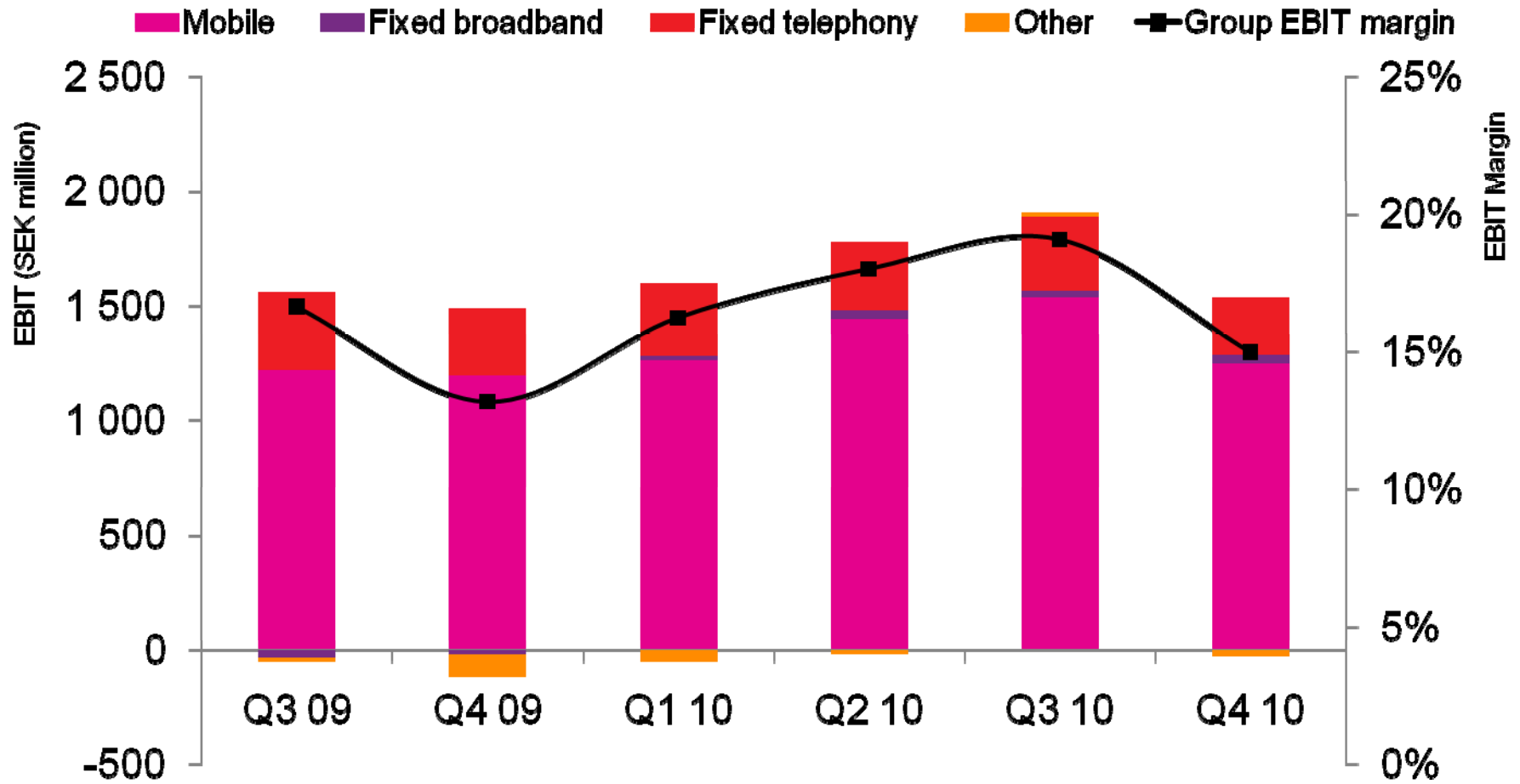
Group fixed broadband EBITDA



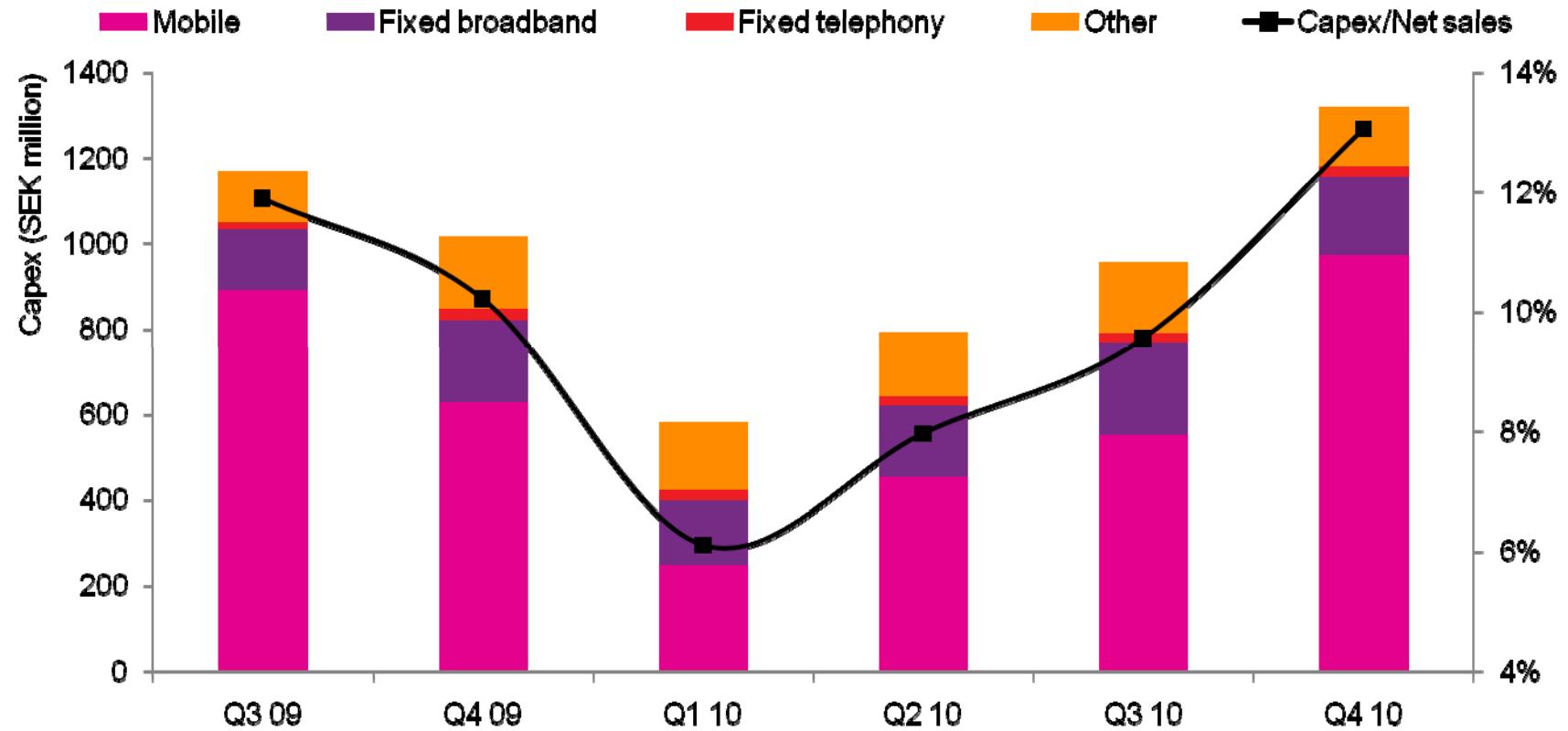
Group fixed telephony EBITDA



Group EBIT



Group CAPEX



TELLE2