

THIRD QUARTER 2012

Tele2 AB

October 18, 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 Q3 2012**

• Financial review

• Concluding remarks

Tele2 Group Q3 Highlights

- **Net mobile customer intake of 1.5 million leading to a total customer base of 37.7 million**
- **Net sales growth for the Group amounted to 9% excluding exchange rate differences, corresponding to SEK 10,906 million**
- **EBITDA amounted to SEK 3,002 million, equivalent to a margin of 28%**
- **CAPEX amounted to SEK 1,229 million**

Market Area Russia: Overview

Population

Appr. 143 million

Tele2 Russia

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

Represents 30% of total net sales in Q3 2012



Focus

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

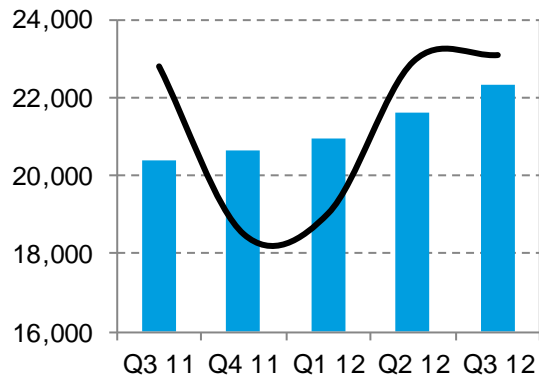
Q3 Highlights Russia

- Strong customer net intake of 710,000
- Increased EBITDA margin, amounting to 38%
- ARPU continues to grow, showing a growth of 4% YoY



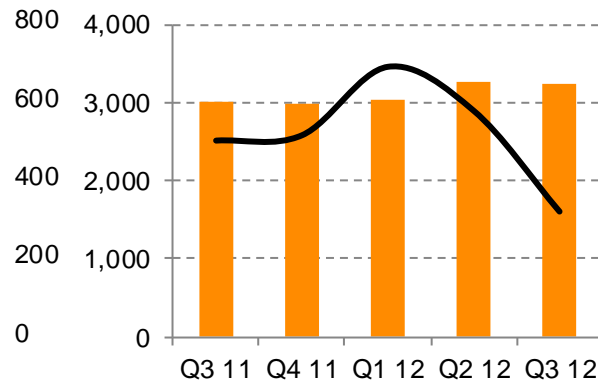
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



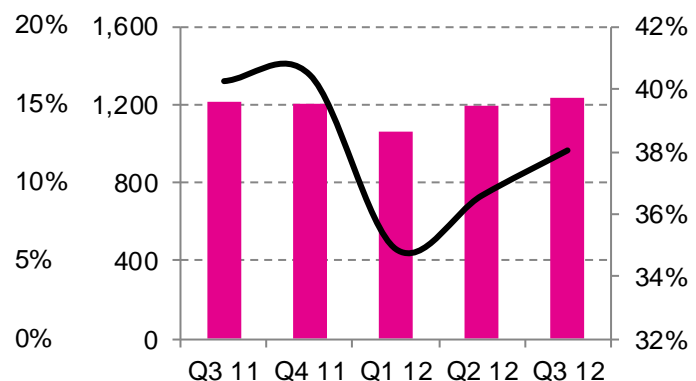
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



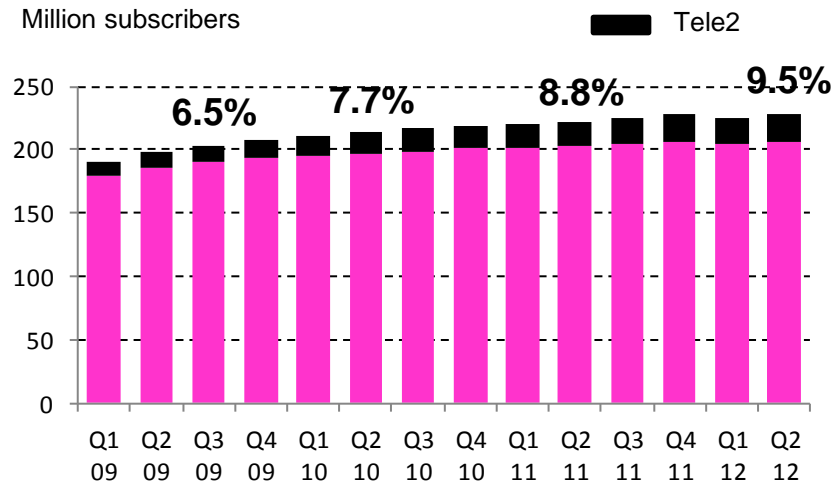
■ Customer base (left)
— Customer net intake (right)

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

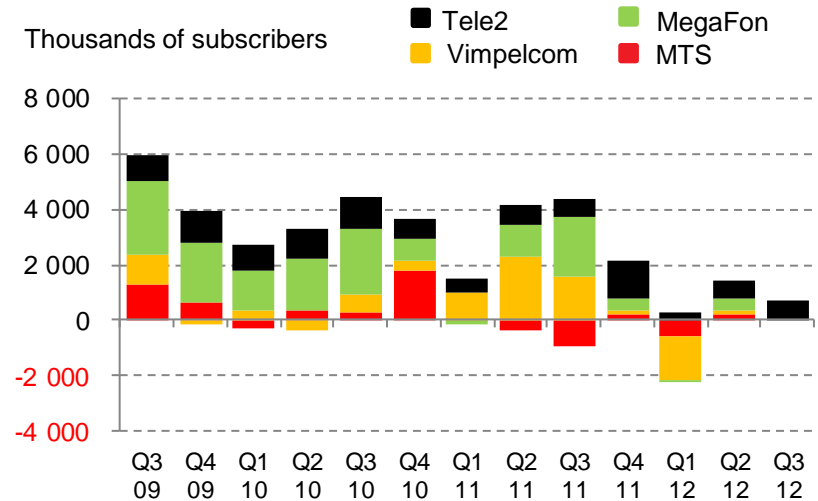
■ EBITDA (left)
— EBITDA margin (right)

The Russian mobile market overview

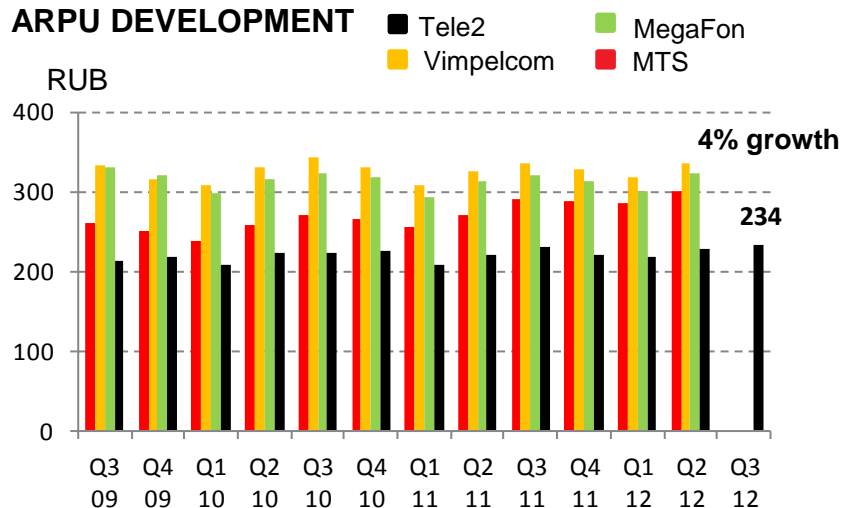
TELE2 SUBSCRIBERS AS PART OF TOTAL RUSSIAN MOBILE MARKET



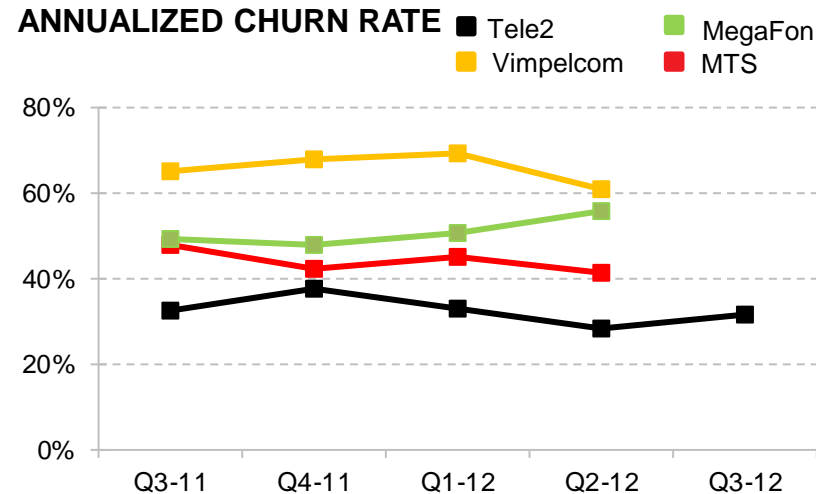
NET ADDITIONS



ARPU DEVELOPMENT

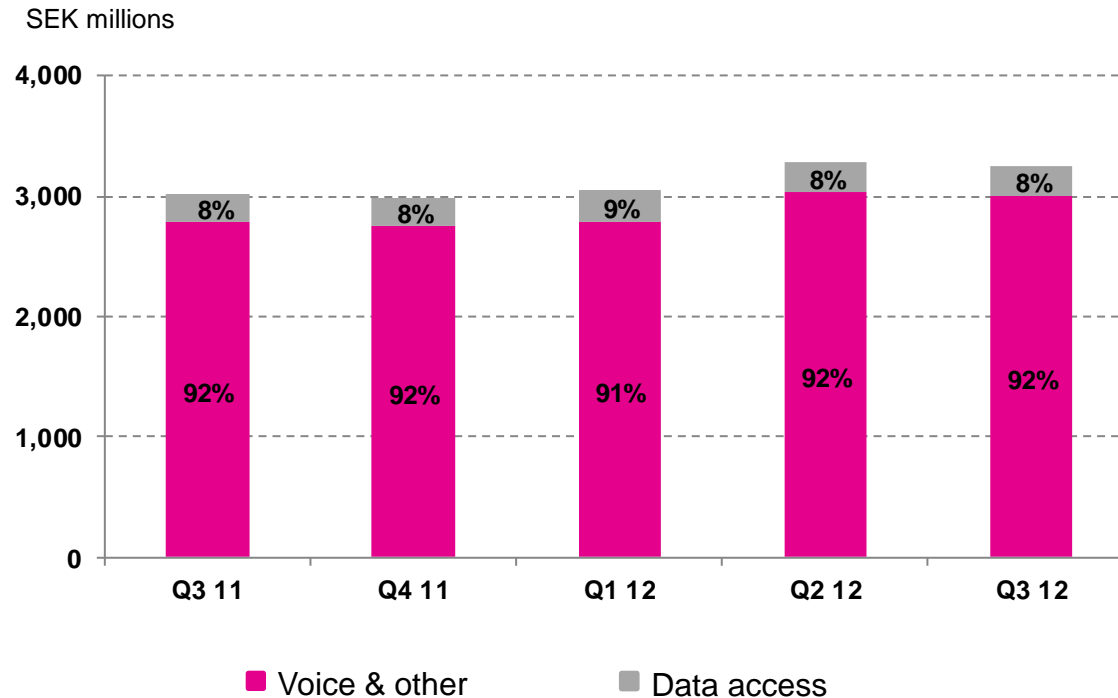


ANNUALIZED CHURN RATE



Q3 Revenue Source Development

VOICE & OTHER and DATA REVENUE SPLIT DEVELOPMENT



Voice and data demonstrate 8% and 12% YoY growth respectively

Regulatory update: significant developments

Technology neutrality

On October 2, GKRCh* requested the Telecom Ministry to analyze the studies about using 900 MHz band for UMTS and 1800 MHz for LTE by December 1. Tele2 will further contribute to the discussion on LTE1800. The next GKRCh meeting is tentatively scheduled for December 7, 2012

New regional licenses

On October 2, the GKRCh meeting agenda included the discussion of 9 GSM1800 license distributions. According to the statements of Ministry officials, the current plan is to distribute them via auctions although the auctions timing and the conditions have not yet been announced. Tele2's participation in the auctions will depend on their terms and conditions.

* GKRCh – State Commission on Radio Frequencies

Tele2 Russia forward looking statement

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

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



Market Area Nordic: Overview

Population

14.4 million

Tele2 Sweden and Tele2 Norway

Home market and test bed for new services

Represents 40% of total net sales in Q3 2012

Sweden 29%; Norway 11%

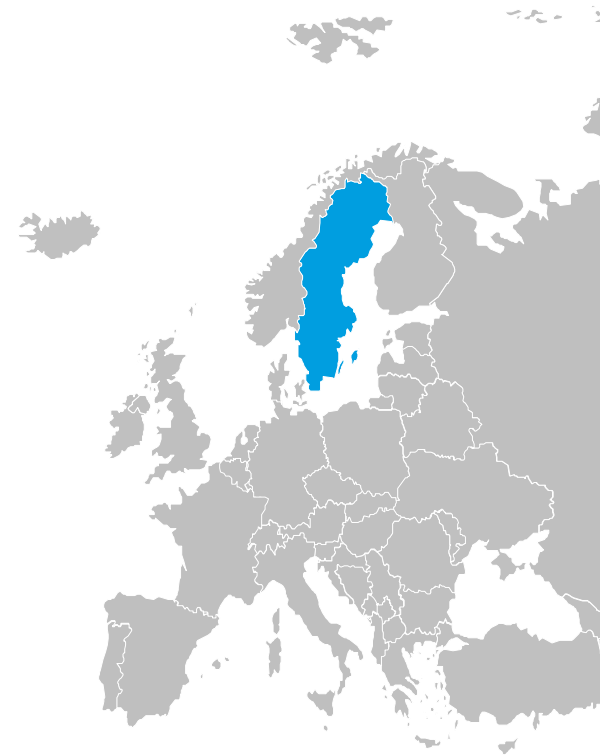


Focus

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

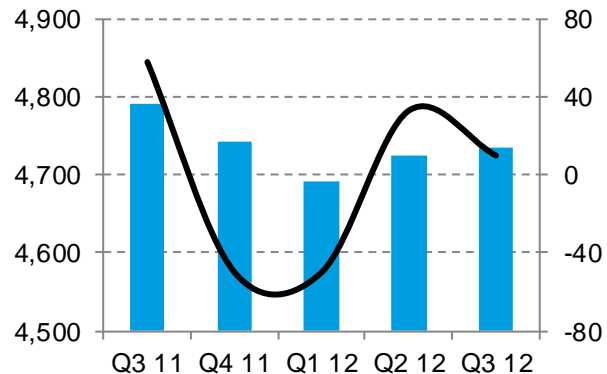
Q3 Highlights Tele2 Sweden

- Net sales amounted to SEK 3,189 million and EBITDA amounted to SEK 966 million
- Mobile service revenue growth of 4% YoY excluding interconnect, and 2% including interconnect
- Mobile EBITDA margin of 33%, affected by the introduction of iPhone 5



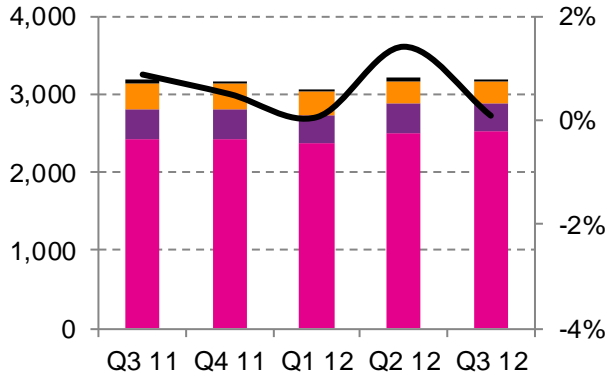
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



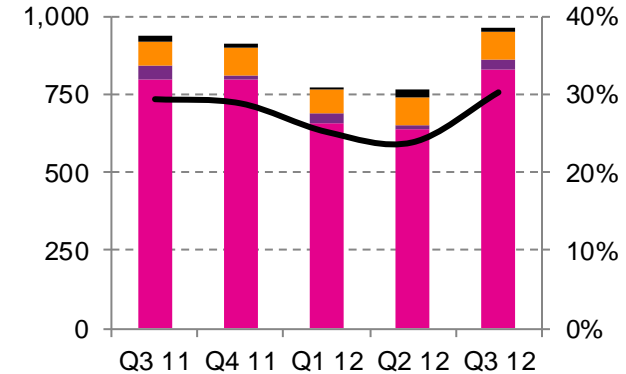
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Customer base (left)

— Customer net intake (right)

■ Mobile

■ Fixed broadband

■ Fixed telephony

■ Other

— YoY net sales growth (right)

— EBITDA margin (right)

TELE2

Bucket price plans

SVERIGES BILLIGASTE FASTPRIS!

ABONNEMANG UTAN BINDNINGSTID.
Fria samtal och SMS. Surf ingår. Passa på innan 30 september. Endast på comviq.se

245:-/mån

COMVIQ.SE

Erskänkningskortet gäller till 30 september 2012. Vid en månads anslutning till månadskostnaden 21 000 kronor eller 10 000 SEK. Erbjudandet Comviq sig utöver skrivet åtgärder. Läs detaljer för fullständigt villkor på comviq.se. Skäligt enligt avsnitt 10 § av 2002 års konsumentköplag.

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

Höj och sänk som du vill. **189 kr/mån**

Volym Låg

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

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

Höj och sänk som du vill. **289 kr/mån**

Volym Mellan

- 1000 minuter
- 1000 SMS & MMS
- 3 GB data

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

Höj och sänk som du vill. **489 kr/mån**

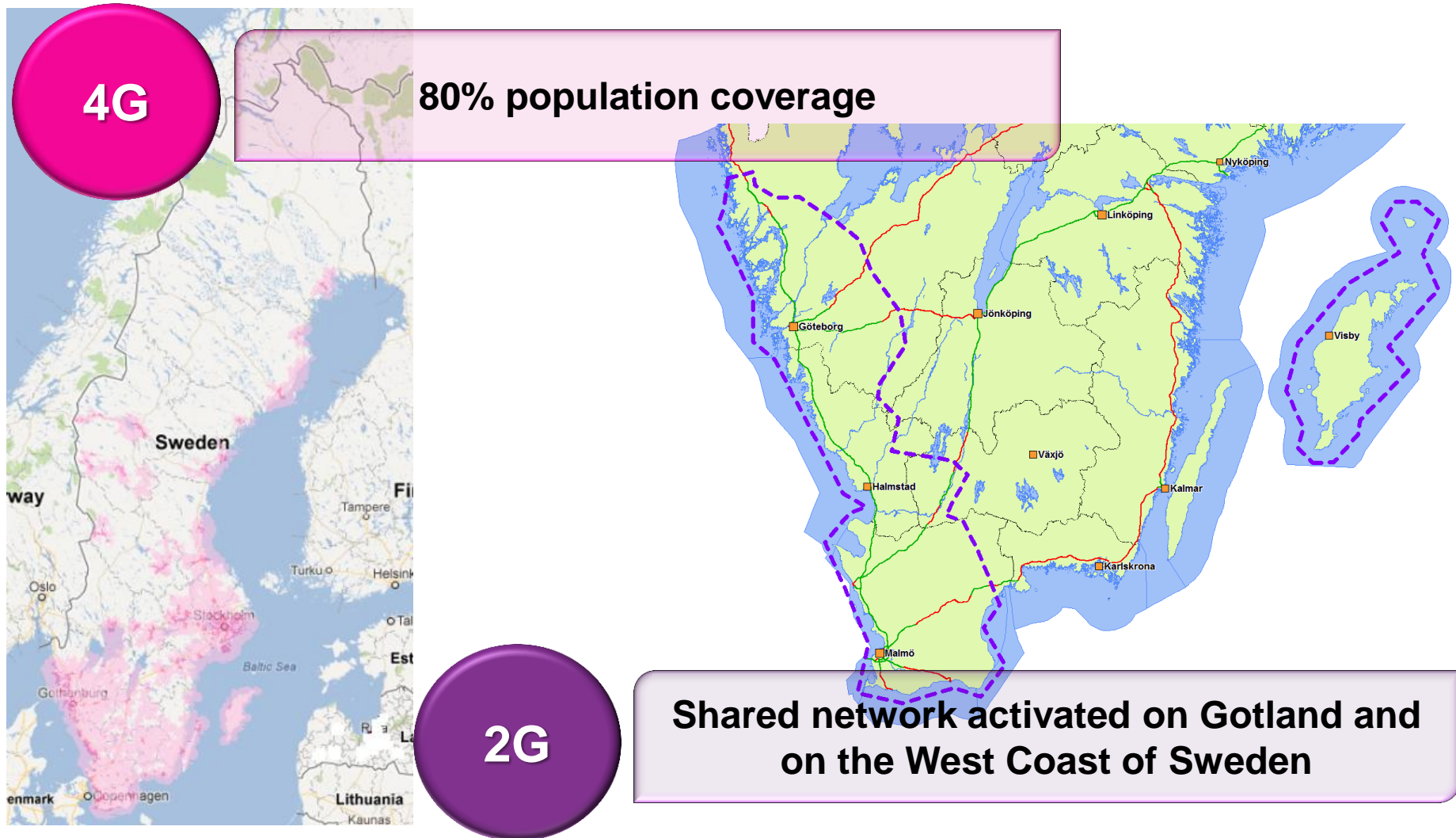
Volym Hög

- 3000 minuter
- 3000 SMS & MMS
- 5 GB data

Launch of new Comviq price plan

Continued demand for fixed fee price plans

2G and 4G network roll-out

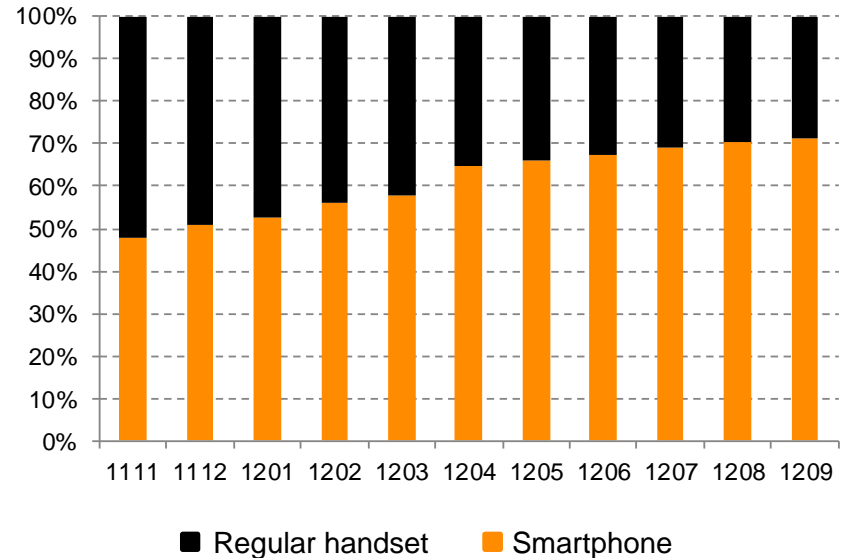


Smartphone market development

Sales of top ten mobile phones Tele2 Sweden (Q32012)

1. iPhone 4S
2. Samsung Galaxy SIII
3. iPhone 5
4. iPhone 4
5. Samsung Galaxy Ace
6. Samsung Galaxy SII
7. HTC Desire C
8. Samsung Galaxy Gio
9. Sony Xperia Acro S
10. Samsung E1080

SMARTPHONE INSTALLED BASE*



* Postpaid residential, quantity of handsets

Tele2 Sweden forward looking statement

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

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



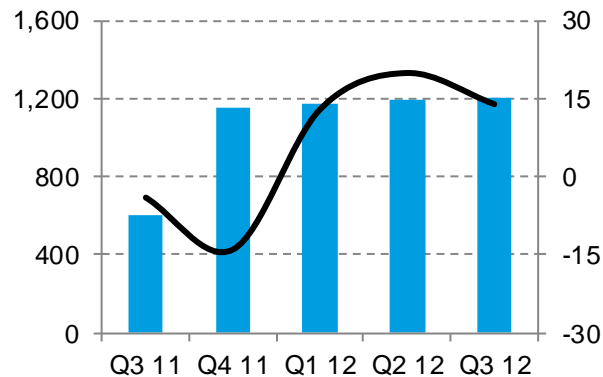
Q3 Highlights Tele2 Norway

- Strong focus on network roll-out
- Satisfactory net intake of 14,000 mobile customers
- Tele2 Norway reported total external revenue of SEK 1,184 million, of which SEK 1,117 million was mobile revenue
- Mobile EBITDA contribution was SEK 101 million



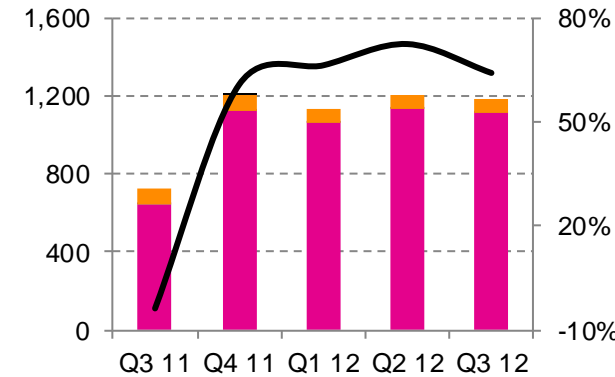
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



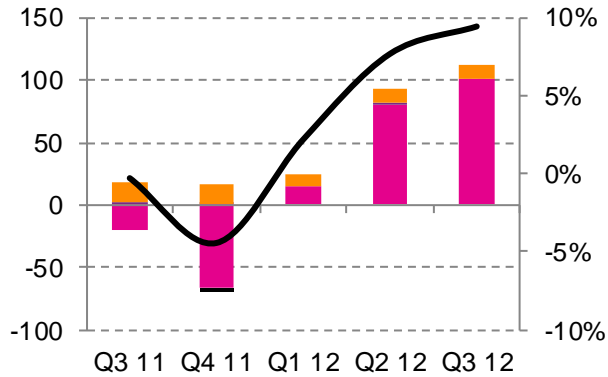
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Customer base (left)

— Customer net intake (right)

■ Mobile ■ Fixed broadband ■ Fixed telephony ■ Other

— YoY net sales growth (right)

— EBITDA margin (right)



Tele2 Norway forward looking statement

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

- Tele2 expects a total revenue of between SEK 4,800-5,000 million.
- Tele2 expects an EBITDA margin of between 4-6 (earlier 2-3) percent.
- Tele2 expects capex of between SEK 450-550 (earlier 850-950) million.



Market Area Western Europe: Overview

Population

108 million

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

Represents 16% of total net sales in Q3 2012

Netherlands 11%; Germany 2%; Austria 3%



Focus

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

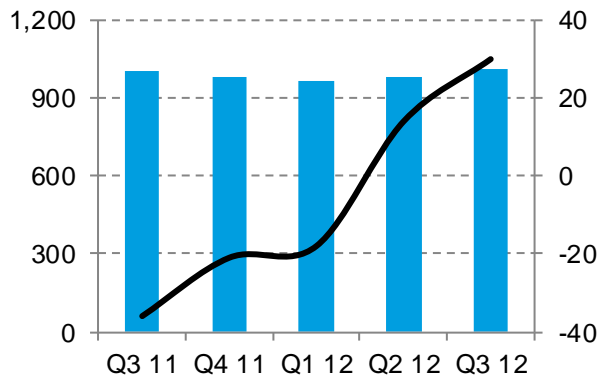
Q3 Highlights Tele2 Netherlands

- Financial performance continues to be stable
- Mobile intake above plan – net intake of 51,000 customers in Q3 and 96,000 YTD, with a significant part in the high value mobile postpaid segment
- Several successful large corporate contracts signed push intake in B2B



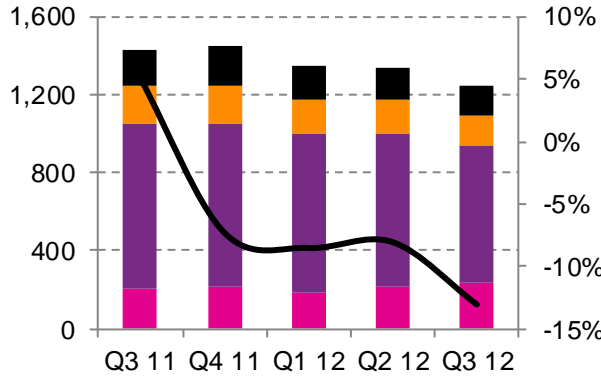
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



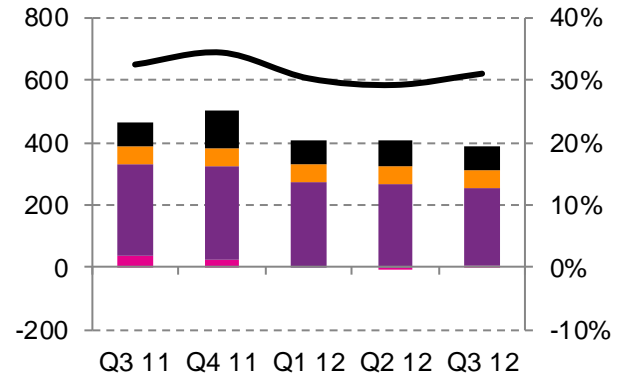
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



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

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

— EBITDA margin (right)

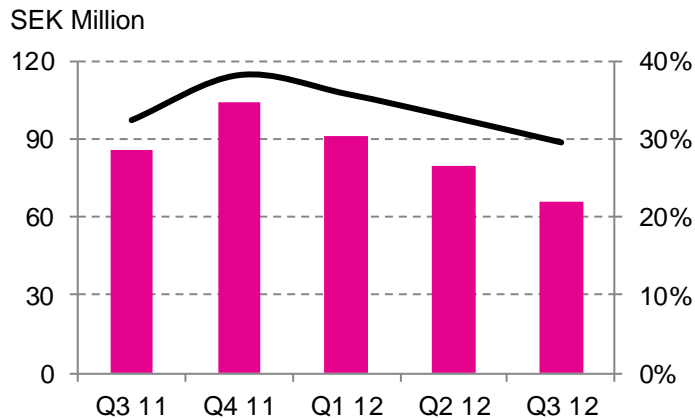


Q3 Highlights Tele2 Germany and Tele2 Austria

- Austria and Germany continue to show stable profitability
- Tele2 Germany: Fixed via Mobile partly compensates the decline in fixed
- Tele2 Austria: B2B data intake remains steady throughout the quarter, delivering stable financial performance
- Successful integration of Silver Server almost finalized

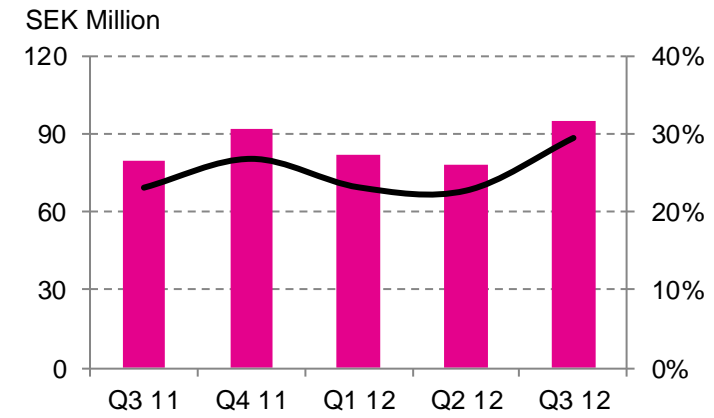


TELE2 GERMANY EBITDA and EBITDA MARGIN



■ EBITDA (left)
— EBITDA margin (right)

TELE2 AUSTRIA EBITDA and EBITDA MARGIN



■ EBITDA (left)
— EBITDA margin (right)

Market Area Central Europe and Eurasia: Overview

Population

28 million

Represents 13% of total net sales in Q3 2012

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



Focus

- Continued rapid market share growth in Kazakhstan
- Efficiency improvements in Baltics
- Improvements in market share growth in Croatia

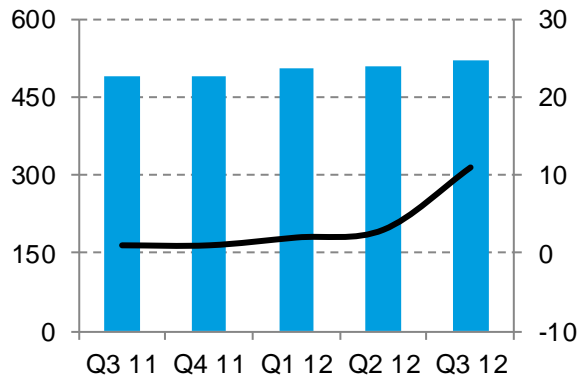
Q3 Highlights Tele2 Estonia



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

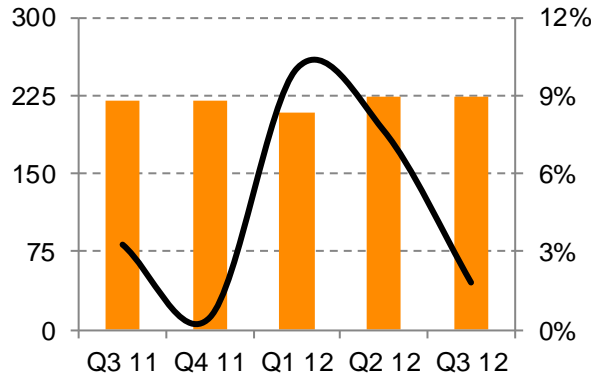
MOBILE CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



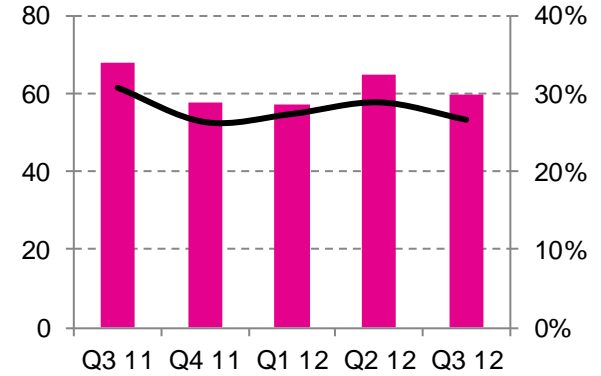
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Mobile customer base (left)

— Customer net intake (right)

■ Net sales (left)

— YoY net sales growth (right)

■ EBITDA (left)

— EBITDA margin (right)

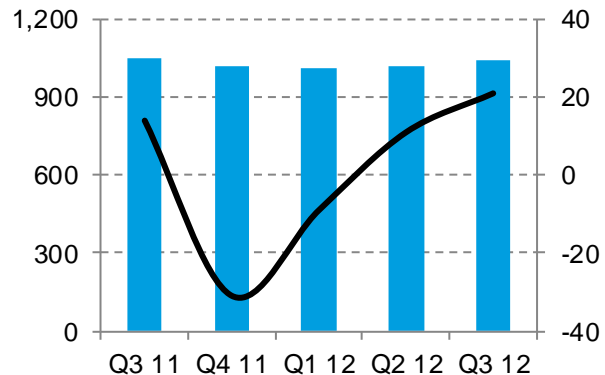
Q3 Highlights Tele2 Latvia



- Tele2 Latvia maintains high efficiency in a competitive market
- EBITDA margin amounted to 34%
- Net customer intake of 21,000
- Rolling out 4G when commercially attractive

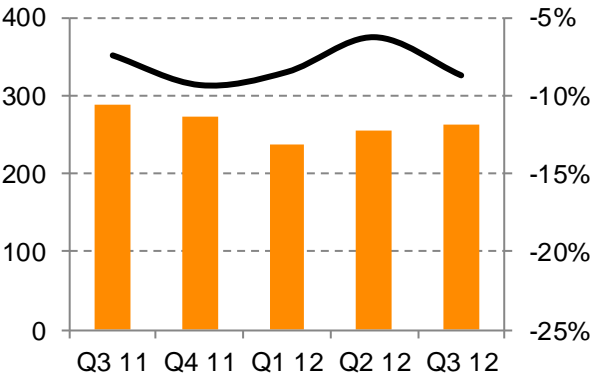
CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



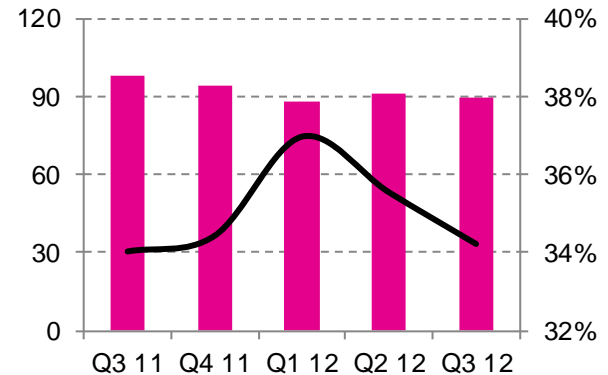
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



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

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

■ EBITDA (left)
— EBITDA margin (right)

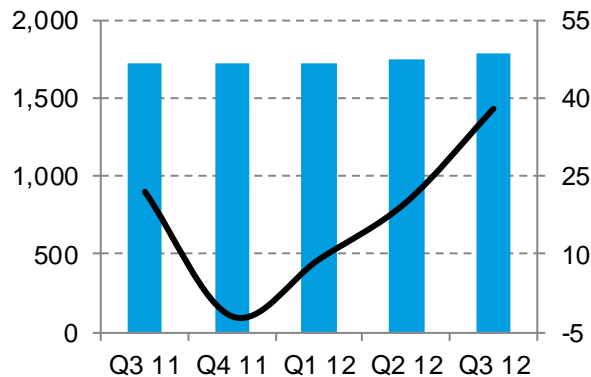
Q3 Highlights Tele2 Lithuania



- Significant intake of 38,000 mobile customers
- EBITDA margin amounted to 35%
- Continuing strong performance

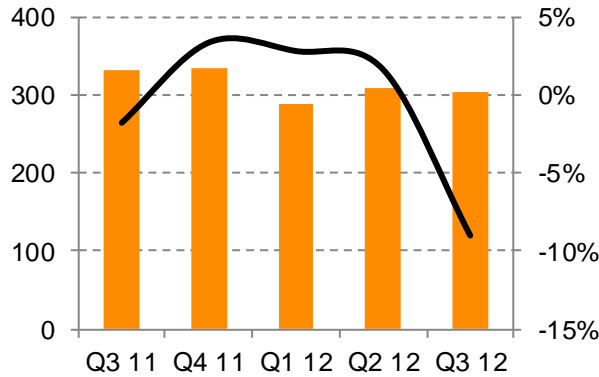
MOBILE CUSTOMER BASE and CUSTOMER INTAKE

Thousands of customers



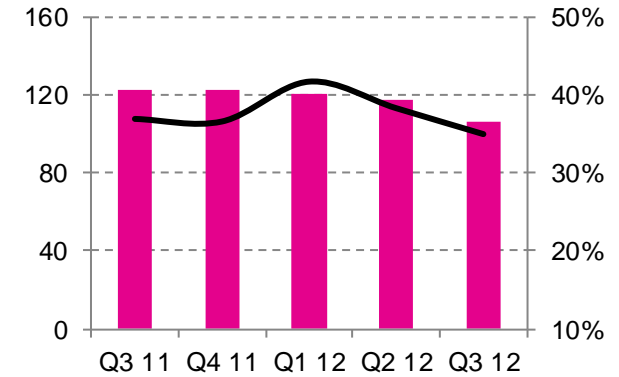
NET SALES and YoY NET SALES GROWTH

SEK Million



EBITDA and EBITDA MARGIN

SEK Million



■ Mobile customer base (left)

— Customer net intake (right)

■ Net sales (left)

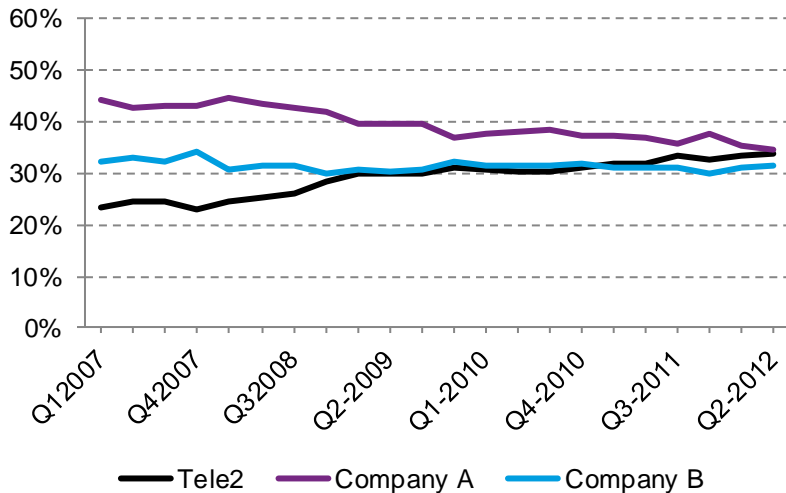
— YoY net sales growth (right)

■ EBITDA (left)

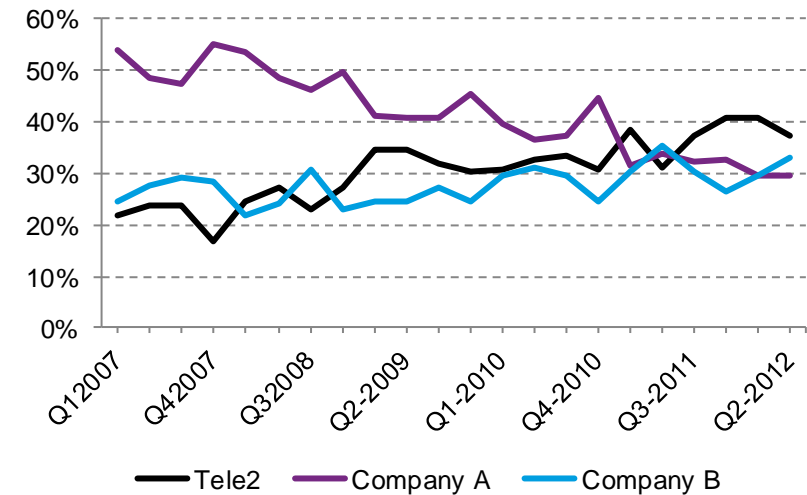
— EBITDA margin (right)

Tele2 Lithuania – a success story

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



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



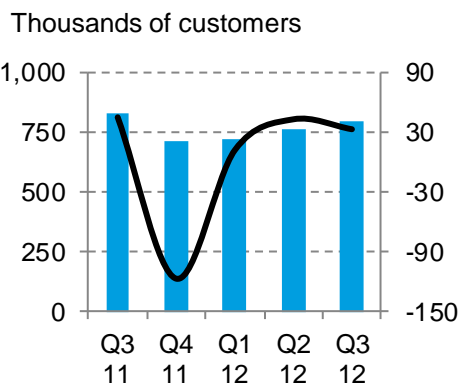
Tele2 Lithuania continues to outperform its competitors in terms of Revenue market share growth and EBITDA market share. Tele2 has the highest service revenue among all competitors

Q3 Highlights Tele2 Croatia

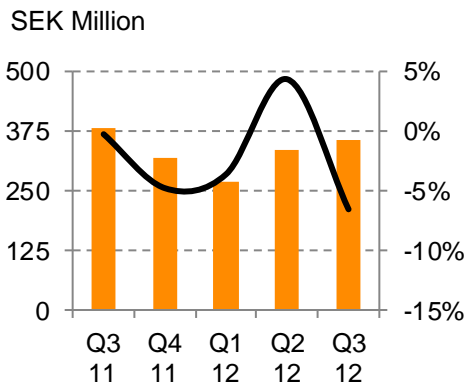
- Positive net intake of 33,000 customers
- Focus on maintaining a positive cash flow
- An impairment of goodwill and other fixed assets amounting to SEK 250 million was done in the quarter



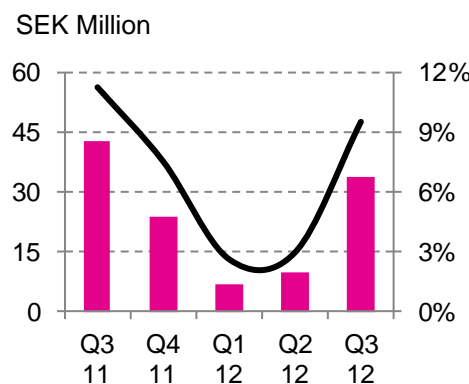
CUSTOMER BASE and CUSTOMER INTAKE



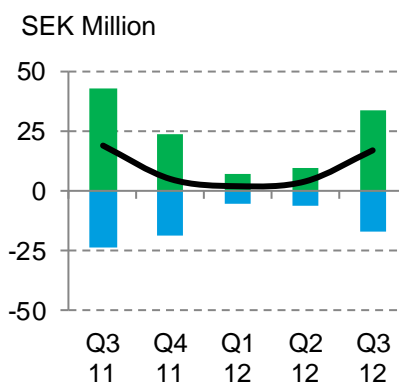
NET SALES and YoY NET SALES GROWTH



EBITDA and EBITDA MARGIN



EBITDA-CAPEX



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

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

■ EBITDA (left)
 — EBITDA margin (right)

■ EBITDA
 ■ CAPEX
 — EBITDA-CAPEX

TELE2

Tele2 Croatia forward looking statement

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

- Tele2 expects Croatia to reach an EBITDA margin of between 4-6 percent.



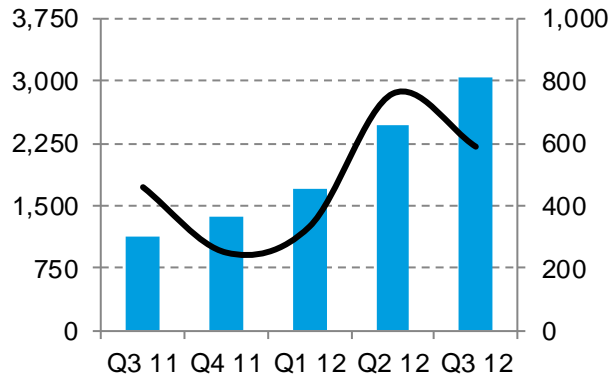
Q3 Highlights Tele2 Kazakhstan

- Continuing strong net intake of 589,000 customers
- Total number of customers amounted to 3.1 million
- Continuing rapid roll-out of new base stations for increased coverage



CUSTOMER BASE and CUSTOMER INTAKE

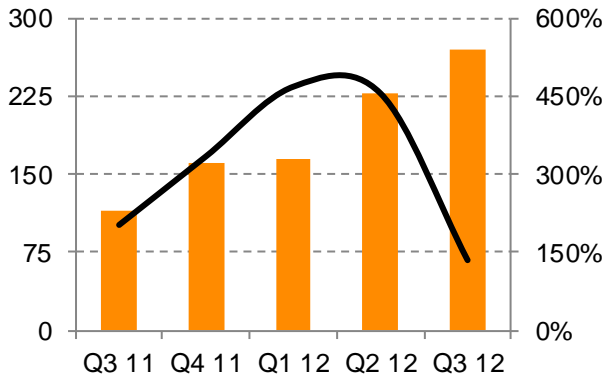
Thousands of customers



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

NET SALES and YoY NET SALES GROWTH

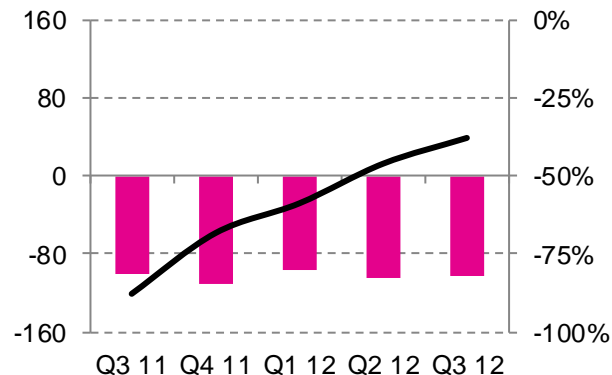
SEK Million



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

EBITDA and EBITDA MARGIN

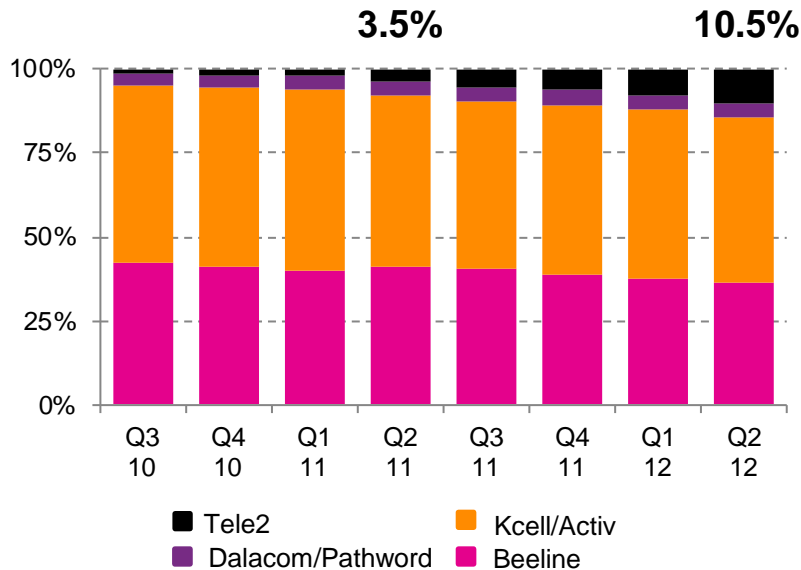
SEK Million



■ EBITDA (left)
 — EBITDA margin (right)

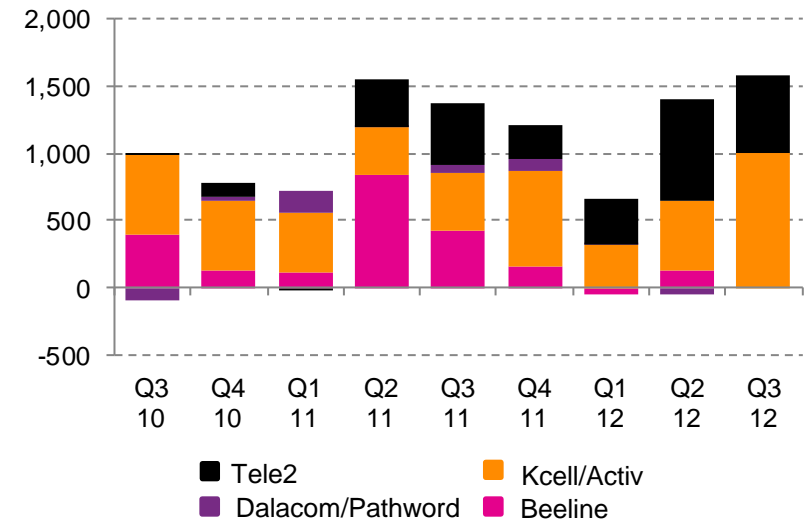
The Kazakhstan mobile market overview

MOBILE SUBSCRIBERS – MARKET SHARE



NET ADDITIONS

Thousands of subscribers



Tele2 Kazakhstan has reached more than 3 million customers within 18 months of operations

Tele2 Kazakhstan forward-looking statement

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

- Tele2 expects the subscriber base to reach approximately 3.4 (earlier 3.0) million.
- Tele2 expects an EBITDA contribution of between SEK -350 to -400 million
- Tele2 expects capex of between SEK 450-500 (earlier 550-600) million.
- Tele2 expects to reach EBITDA break-even by 2H 2013.
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.



Agenda



• About Q3 2012

• **Financial review**

• Concluding remarks

Group results Q3

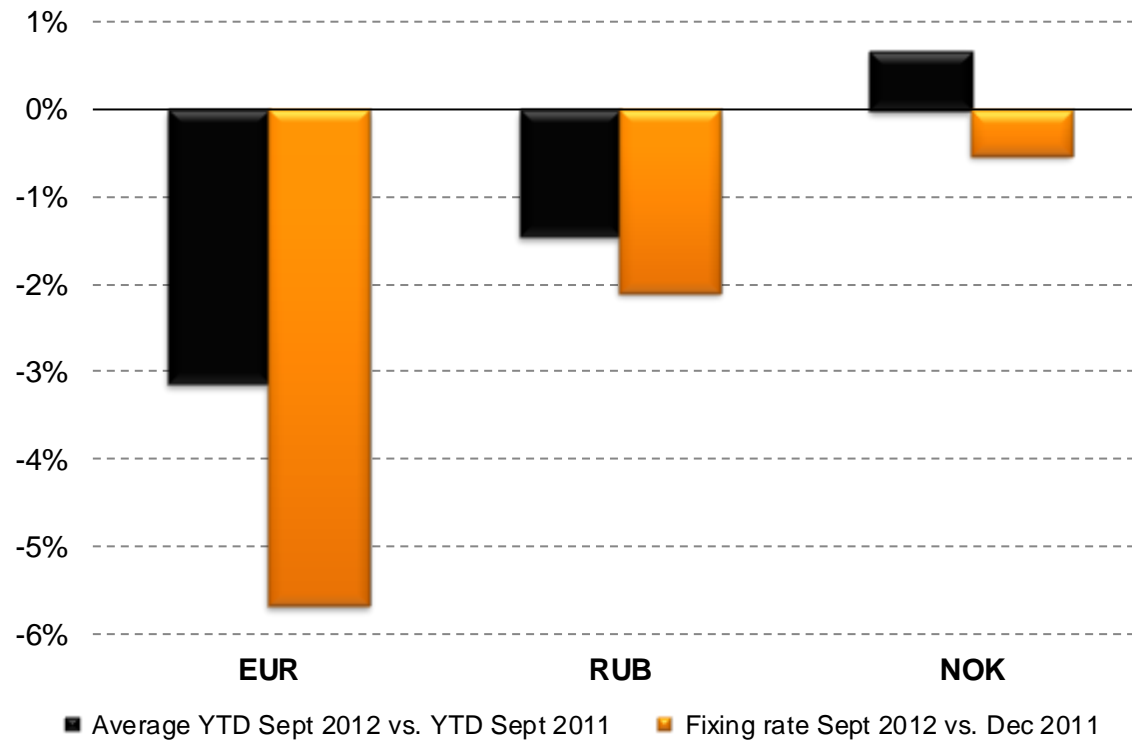
<i>SEK million</i>	Q3 2012	Q3 2011	Δ%
Net sales	10,906	10,429	4.6%
EBITDA	3,002	2,986	0.5%
EBITDA margin (%)	27.5%	28.6%	-1.1%
Depreciation & associated companies	-1,147	-989	16.0%
Depreciation of net sales (%)	-10.5%	-9.5%	-1.0%
One-off items	-538	-20	
EBIT	1,317	1,977	-33.4%
Normalized EBIT	1,855	1,997	-7.1%
Normalized EBIT margin (%)	17.0%	19.1%	-2.1%
Financial items	-219	-287	
Taxes	-118	-431	
Net profit from continuing operations	980	1,259	-22.2%
Discontinued operations	-	1	
Net profit	980	1,260	-22.2%

- During the quarter one-off items of SEK -538 million affected the EBIT result
- One-off tax items amounted to SEK +262 million

Group results YTD

<i>SEK million</i>	YTD 2012	YTD 2011	FY 2011	Δ%
Net sales	32,451	30,149	41,001	7.6%
EBITDA	8,288	8,339	11,212	-0.6%
EBITDA margin (%)	25.5%	27.7%	27.3%	-2.1%
Depreciation & associated companies	-3,604	-2,974	-4,158	21.2%
Depreciation of net sales (%)	-11.1%	-9.9%	-10.1%	-1.2%
One-off items	-555	22	-4	
EBIT	4,129	5,387	7,050	-23.4%
Normalized EBIT	4,684	5,365	7,054	-12.7%
Normalized EBIT margin (%)	14.4%	17.8%	17.2%	-3.4%
Financial items	-718	-591	-674	
Taxes	-712	-1,203	-1,472	
Net profit from continuing operations	2,699	3,593	4,904	-24.9%
Discontinued operations	-	-7	-7	
Net profit	2,699	3,586	4,897	-24.7%

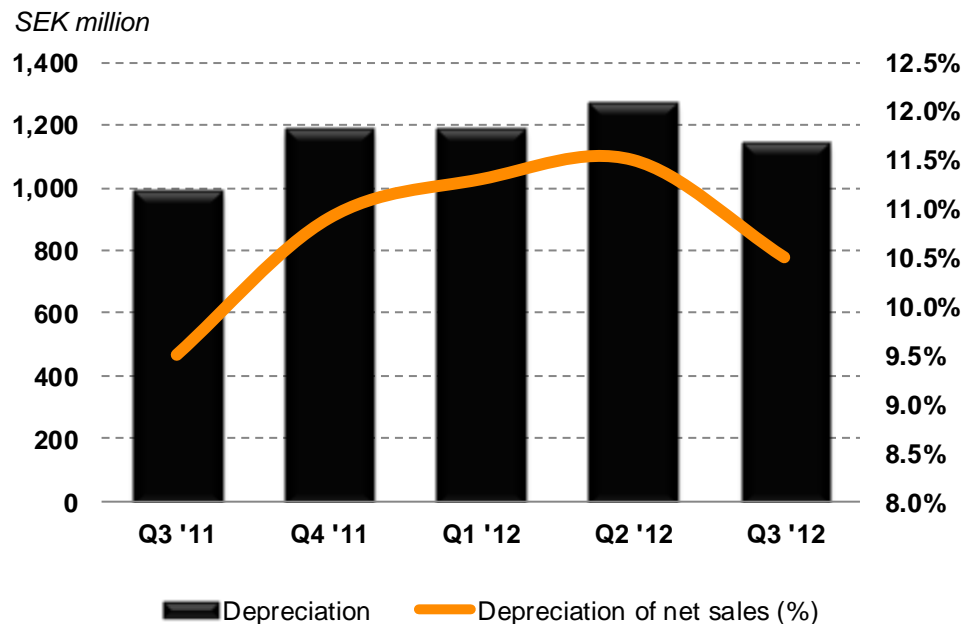
Currency movements YTD



EUR/EUR pegged and RUB currencies represent 57 % of external sales and 73 % of EBITDA

Depreciation

Depreciation and Depreciation as a percentage of net sales



Change year-on-year for Q3

- Acquisition of Network Norway: SEK 80 million
- Upgrade/replacement of networks in the Baltics: SEK 65 million
- Reduction in Sweden: SEK -55 million
- Growth Russia and Kazakhstan: SEK 61 million

Financial items

<i>Financial items in income statement</i>	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Interest income/costs	-259	-180	-710	-308	-483
Exchange rate differences, external	-12	-11	-19	-53	-24
Exchange rate differences, intragroup	88	-53	135	-92	13
Other financial items	-36	-43	-124	-138	-180
Total	-219	-287	-718	-591	-674

<i>Financial items in cash flow statement</i>	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Interest paid	-154	-76	-388	-150	-366

Taxes

<i>Taxes in income statement</i>	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Normal	-380	-431	-974	-1,203	-1,580
One-off	262	-	262	-	108
Total	-118	-431	-712	-1,203	-1,472

<i>Taxes in cash flow statement</i>	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Normal	-178	-235	-492	-785	-948
One-off	-	-	-	-	-
Total	-178	-235	-492	-785	-948

- One time valuation of deferred tax assets in Austria SEK +262 million
- Deferred tax assets at year to date amounted to SEK 2.5 billion (Dec 2011: SEK 3 billion)

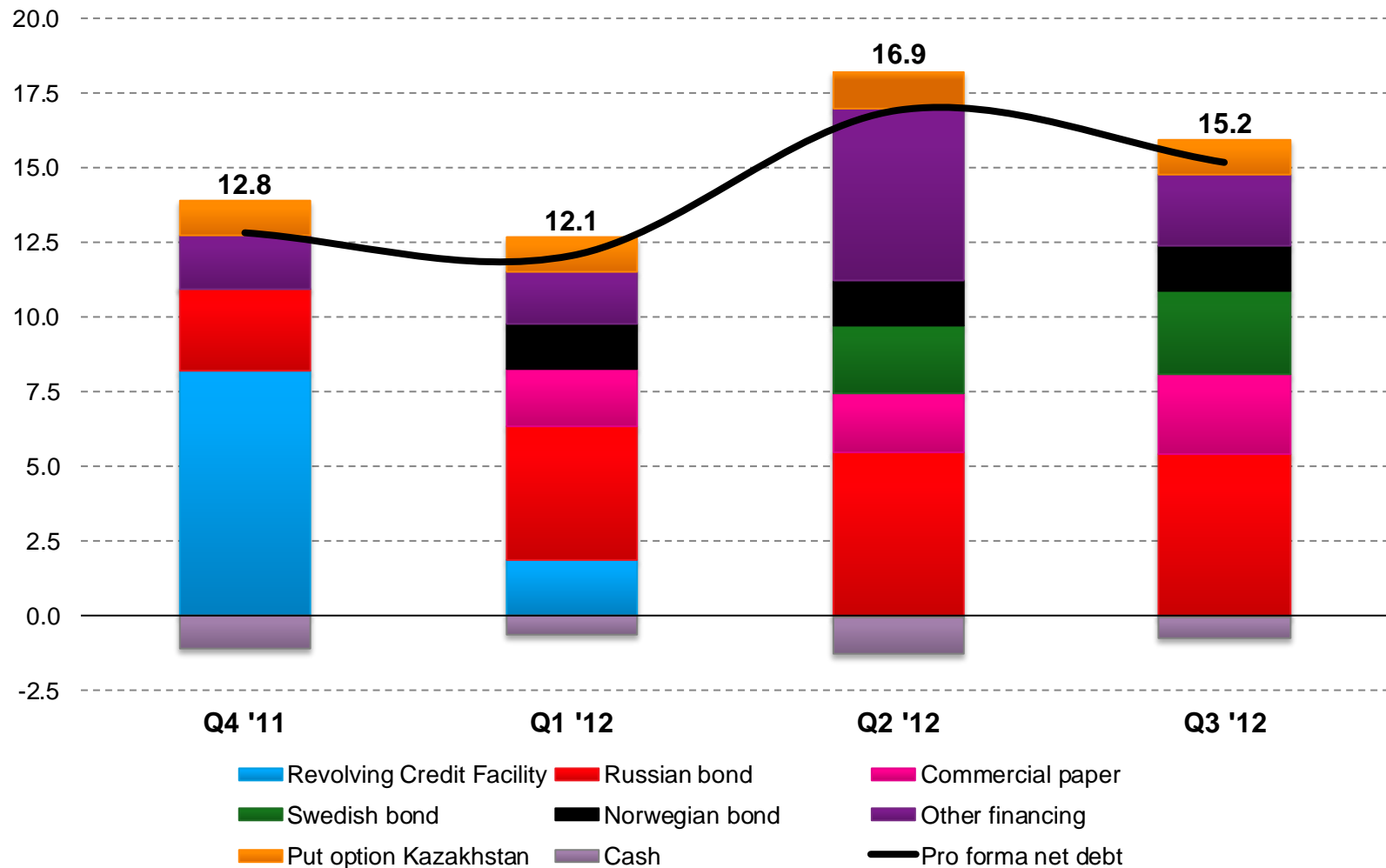
Cash flow

<i>SEK million</i>	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
OPERATING ACTIVITIES					
Cash flow from operations, excl. taxes and interest	2,866	2,978	8,165	8,402	11,261
Interest paid	-154	-76	-388	-150	-366
Taxes paid	-178	-235	-492	-785	-948
Change in working capital	244	59	-421	-205	-257
Cash flow from operating activities	2,778	2,726	6,864	7,262	9,690
INVESTING ACTIVITIES					
CAPEX	-1,076	-1,142	-3,323	-3,819	-5,572
Cash flow after CAPEX	1,702	1,584	3,541	3,443	4,118
Shares and other financial assets	3	51	-200	-3	-1,563
Cash flow after investing activities	1,705	1,635	3,341	3,440	2,555

Pro forma financial debt profile

Sources of funding

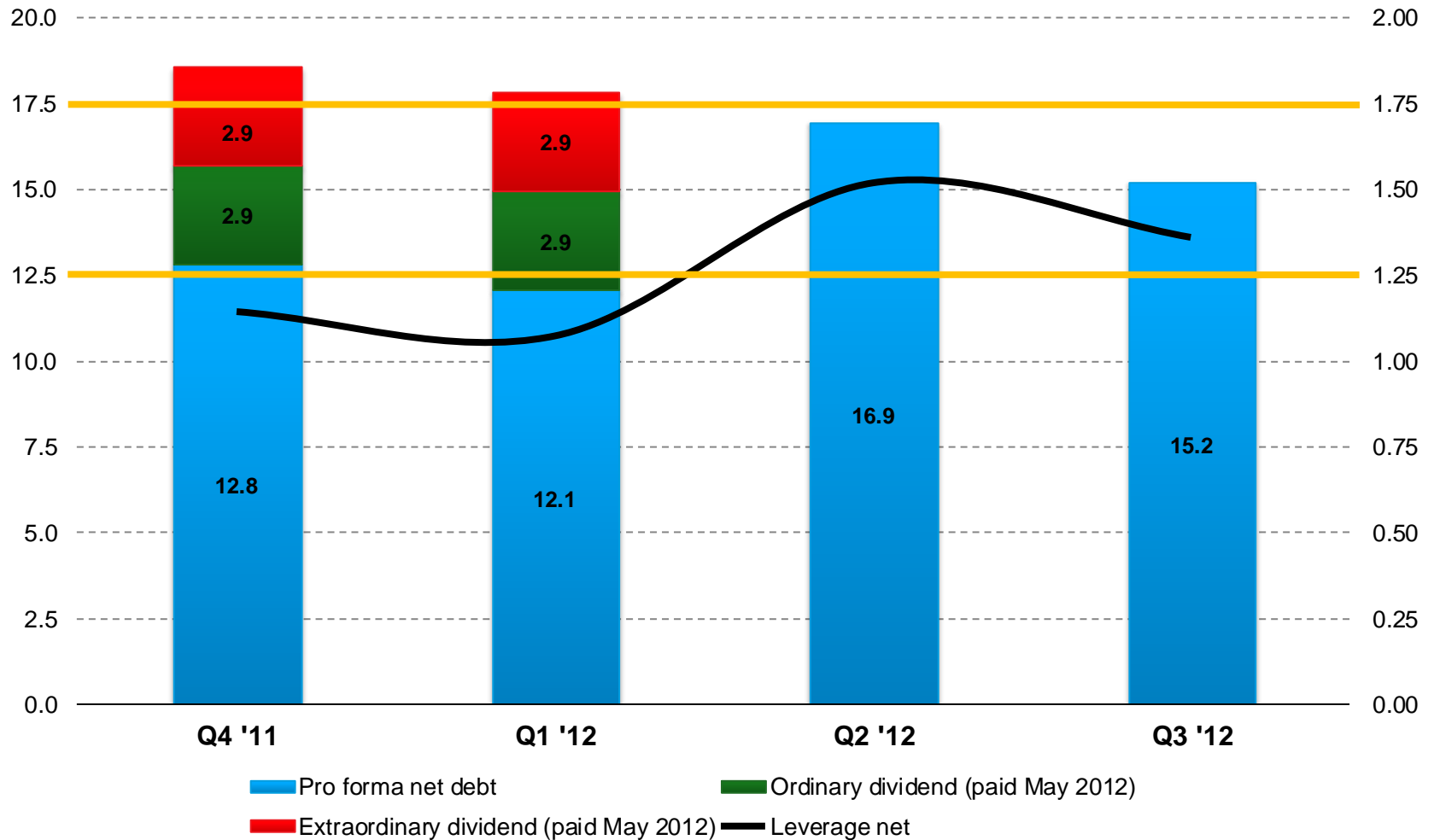
SEK billion



Debt position and ratio

Pro forma net debt / EBITDA 12 m rolling

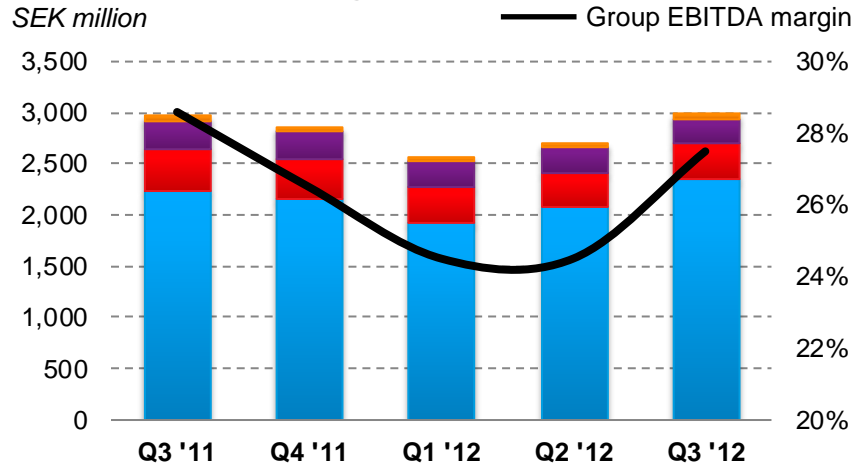
SEK billion / Ratio



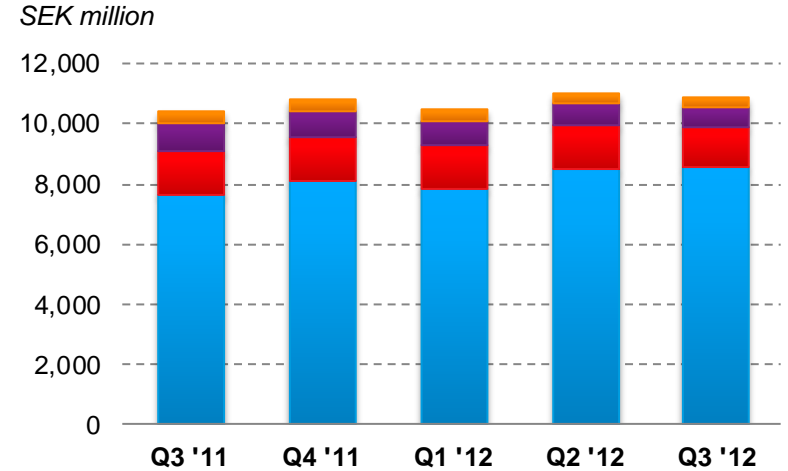
Group financials

- ▶ Mobile
- ▶ Fixed telephony
- ▶ Fixed broadband
- ▶ Other operations

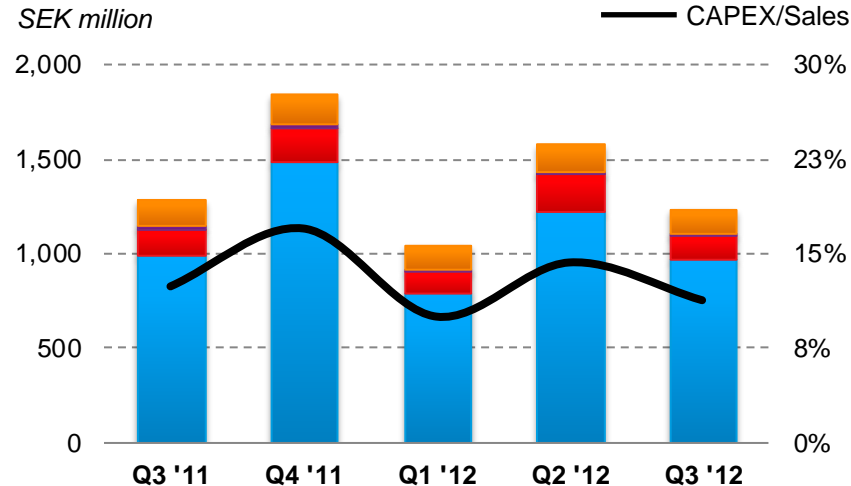
Group EBITDA and Group EBITDA margin



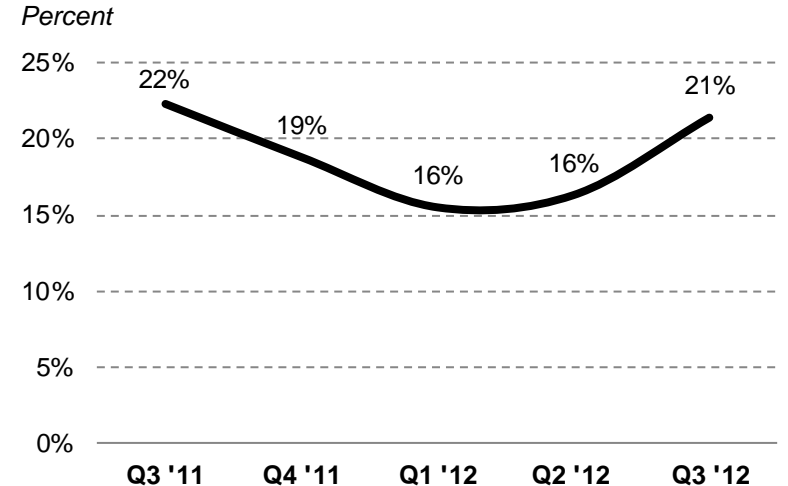
Group Net Sales



Group CAPEX (BS) and CAPEX/Sales



ROCE (Normalized)



Agenda



• About Q3 2012

• Financial review

▶ • **Concluding remarks**

Concluding remarks

Continue to grow as an operator

Manage the shift from voice to data

Continue to migrate from prepaid to postpaid

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

TELLE2

Q&A

TELE2