

FULL YEAR AND FOURTH QUARTER 2013 REPORT

TELE2

Solid profitability based on good progress in mobile

Accelerated monetization of mobile data

Q4 2013 HIGHLIGHTS

Strong mobile end-user service revenue growth for the Group

■ In the quarter, mobile end-user service revenue grew by 5 percent amounting to SEK 3,724 (3,536) million. This trend was driven by positive usage of mobile data, compensating less revenue from mobile voice and SMS.

Improved operational performance in Tele2 Sweden

■ Mobile end-user service revenue in Sweden grew by 3 percent Q4 2013. The mobile EBITDA contribution in the quarter was SEK 722 (748) million, due to increased marketing spend and a shift from pay-as-you-go to bucket price plans.

Maintained strong customer intake within mobile for Tele2 Netherlands

■ Tele2 Netherlands continued its marketing push within the mobile segment, accelerating its customer intake to 62,000 (55,000) customers and taking the total mobile customer base to 694,000 (478,000). Mobile net sales amounted to SEK 447 (288) million and mobile end-user service revenue grew by 65 percent in Q4 2013.

License award disappointment for Tele2 in Norway

■ The network roll-out continued at a rapid pace, now covering approximately 75 percent

of the population. Traffic on own infrastructure amounted to 43 percent in the quarter. Tele2 Norway did not obtain any frequencies in the multiband auction held in December. The company will continue its operations with existing frequency resources and maintain commercial efforts to further develop the business.

Robust revenue growth in Tele2 Kazakhstan and positive EBITDA in December

■ Tele2 Kazakhstan continued to work to improve its commission structure, leading to a gradually better result in the quarter. Still, the net effect on customer intake was negative, leading to an outflow of -393,000 (361,000) users. Mobile net sales grew by 24 percent in Q4 2013 amounting to SEK 365 (294) million. Mobile end-user service revenue grew by 33 percent. Thanks to improved operational scale and lower interconnect levels, EBITDA losses were reduced to SEK -7 (-83) million and the company had positive EBITDA for the first time in December.

The Board of Directors recommend a dividend for 2013 amounting to SEK 4.40

■ The Board of Tele2 AB has decided to recommend an ordinary dividend of SEK 4.40 (7.10) per share in respect of the financial year 2013.

Net sales
Q4 2013

7,568

SEK million

EBITDA
Q4 2013

1,461

SEK million

Key Financial Data Q4

SEK million	Q4			FY		
	2013	2012	%	2013	2012	%
Net sales	7,568	7,873	-4	29,871	30,742	-3
Net sales excluding exchange rate differences	7,568	7,831	-3	29,871	30,371	-2
EBITDA	1,461	1,444	1	5,990	6,240	-4
EBITDA excluding exchange rate differences	1,461	1,472	-1	5,990	6,239	-4
EBIT	586	576	2	2,192	1,975	11
EBIT excluding one-off items (see Note 2)	575	579	-1	2,626	2,533	4
Net profit/loss	169	216	-22	655	976	-33
Earnings per share, after dilution (SEK)	0.36	0.48	-25	1.45	2.18	-33

The figures presented in this report refer to Q4 2013 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2012.

CEO Word, Q4 2013

From an operational perspective Q4 2013 was stable and in line with our expectations. Mobile end-user service revenue growth was maintained at a healthy 5 percent. We balanced our marketing efforts to meet the demands of our customers in the holiday season while maintaining our rigorous discipline on cost. EBITDA for the period expanded 1 percent to SEK 1,461 (1,444) million.

Tele2's Swedish operation is maintaining its strong drive to transform the business into the leader in mobile data. During the quarter, we delivered solid mobile end-user service revenue growth and improved choice and transparency in our service offers. We converted customers to 4G, which provides superior service quality. Moreover, we invested further in our network capabilities through LTE 800 and 1800.

Our aim in the Netherlands is to maintain a solid consumer fixed broadband operations, continue to take market share within the business segment, and to increase momentum within the mobile operations. Our mobile network roll-out is proceeding according to plan, with several hundred sites ready to start carrying 4G traffic. In 2014 we will continue to invest into the Dutch market to pursue mobile growth opportunities even further.

Tele2 Kazakhstan is focused on network roll-out and customer management. The network team has rolled out almost 600 new sites this year. Soon we will have the same population coverage as our competitors. On the customer management side, we changed commission structure in Q3 2013 to improve the quality of the customer base, which resulted in higher ARPU levels in the current quarter. Additionally, the business achieved an important milestone by breaking-even on EBITDA in December.

"I see 2014 as a year when we remove uncertainty around Tele2. The Netherlands and Kazakhstan need to maintain their momentum within mobile. Tele2 Sweden will cement its position as the leader in mobile data services. The situation in Norway will be addressed in a way that maximizes value for shareholders."

Our Norwegian operation performed well this quarter delivering on network roll-out and on-net traffic targets as well as customer experience. Despite a changed game plan, our commercial efforts remain intact and we believe that the current set-up allows us to develop a profitable business.

I would also like to highlight the turnaround that we are beginning to see in Croatia. The local management team has done a fantastic job and hopefully this is the start of a solid value creation trend in Croatia.

I see 2014 as a year when we remove uncertainty around Tele2. The Netherlands and Kazakhstan need to maintain their momentum within mobile. Tele2 Sweden will cement its position as the leader in mobile data services. The situation in Nor-

way will be addressed in a way that maximizes value for shareholders. An overarching goal for all our operations, big or small, is to continue the hard work of striving to always be the trusted partner of consumers and businesses.

Mats Granryd
President and CEO

SIGNIFICANT EVENTS | Q4

- **Tele2 Norway** did not obtain any resources in the multiband frequency auction held in Norway on December 2nd. The company will continue its operations with existing frequency resources and maintain commercial efforts to further develop the business.
- **Tele2 Sweden** announced the sale of its residential cable and fiber operations to Telenor, including its residential customers. Tele2's fiber infrastructure and customers on the business side were not part of the transaction. The total cash consideration for the divested assets amounted to SEK 792 million and will together with the estimated gain of 250 MSEK be recognized in January 2014.
- **Günther Vogel**poel, Executive Vice President and CEO of Tele2 Netherlands, decided to leave the company and Ernst Jan van Rooijen, CFO of Tele2 Netherlands, was appointed Acting CEO.
- **Tele2** launched a global M2M solution, initially addressing the Swedish, Norwegian and Dutch markets.

SUBSEQUENT EVENTS

- In January 2014, the sale of Tele2 Sweden's residential cable and fiber operations in Sweden was finalized.

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, combined with 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 to balance the ongoing subscriber attrition of our customer base.

Net customer intake amounted to -492,000 (118,000) in Q4 2013. The customer intake in mobile services amounted to -417,000 (344,000). This development was mainly driven by negative customer intake in Tele2 Kazakhstan, mainly due to changed commission structure for retail vendors. The fixed broadband customer base decreased by -22,000 (-24,000) customers in Q4 2013, primarily attributable to Tele2's operations in the Netherlands. As expected, the number of fixed telephony customers fell in Q4 2013. On December 31, 2013 the total customer base amounted to 14,764,000 (15,446,000).

Net sales in Q4 2013 amounted to SEK 7,568 (7,873) million. The net sales development was mainly a result of lower interconnect levels within mobile services and negative net sales development within consumer fixed broadband and fixed telephony. However, end-user service revenue continued to grow for mobile services.

EBITDA in Q4 2013 amounted to SEK 1,461 (1,444) million, equivalent to an EBITDA margin of 19 (18) percent. The EBITDA development was negatively affected by SEK -35 million due to restructuring costs for employees in Tele2 Norway. The operational development was also affected by expansion costs in the mobile segment, tougher competition in the fixed broadband segment and a decreasing fixed telephony customer base.

EBIT in Q4 2013 amounted to SEK 575 (579) million excluding one-off items. Including one-off items, EBIT amounted to SEK 586 (576) million.

Profit before tax in Q4 2013 amounted to SEK 424 (381) million.

Net profit in Q4 2013 amounted to SEK 169 (216) million. Reported tax for Q4 2013 amounted to SEK -255 (-165) million. Tax payment affecting cash flow amounted to SEK -109 (-497) million.

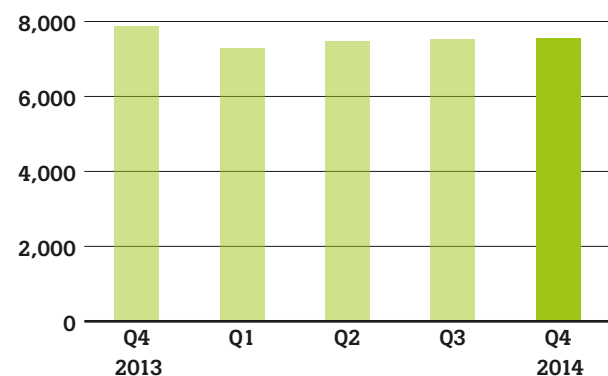
Cash flow after CAPEX in Q4 2013 amounted to SEK 507 (529) million mainly affected by mobile network roll-outs in Sweden, the Netherlands, Norway and Kazakhstan.

CAPEX in Q4 2013 amounted to SEK 1,255 (1,080) million, driven principally by further network expansion in Sweden, the Netherlands, Norway and Kazakhstan.

Net debt amounted to SEK 8,007 (15,745) million on December 31, 2013, or 1.34 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 9,306 (12,933) million (see Note 3 for further information on financial debt).

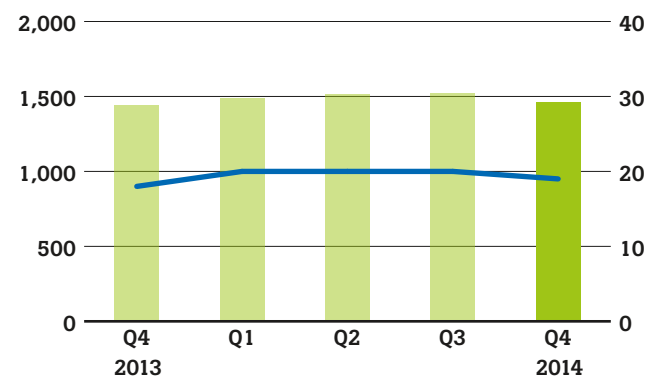
Net sales

SEK million



EBITDA/EBITDA margin

SEK million/Percent



Financial Guidance

The two year financial guidance for 2014 and 2015 that Tele2 provided in April 2013 was undertaken in connection with the disposal of our Russian business, which generated a one-time gain of SEK 13.9 billion and distribution to shareholders of SEK 12.5 billion. Recently, as a consequence of the uncertainty arising from the developments in our Norwegian business, we decided to bring our guidance policy back into line with our peer group and providing current year group consolidated net sales, EBITDA and CAPEX.

Accordingly, the following assumptions should be taken into account when estimating the 2014 results of the Group:

- Tele2 expects total revenue of approximately SEK 30.0 billion.
- Tele2 expects EBITDA of approximately SEK 6.0 billion.
- Tele2 forecasts a CAPEX level of approximately SEK 4.5 billion.

The result of the Norwegian license auction and the sale of residential cable and fiber operations in Sweden have been taken into account in the forward looking statement for 2014.

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.

In respect of the financial year 2013, the Board of Tele2 AB has decided to recommend an ordinary dividend payment of SEK 4.40 (7.10) per ordinary A or B share to the Annual General Meeting (AGM) in May 2014.

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 obligations.

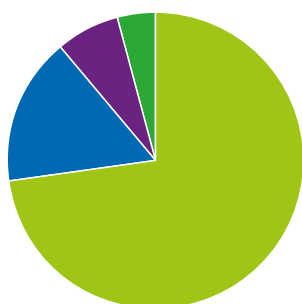
Financial summary

SEK million	Note	Q4 2013	Q4 2012	FY 2013	FY 2012
Mobile¹⁾					
Net customer intake (thousands)		-417	344	614	2,492
Net sales		5,538	5,532	21,487	20,920
EBITDA		943	833	3,846	3,687
EBIT		300	265	1,567	1,173
CAPEX	6	889	783	3,957	2,528
Fixed broadband¹⁾					
Net customer intake (thousands)		-22	-24	-86	-69
Net sales		1,239	1,346	5,025	5,566
EBITDA		313	321	1,194	1,357
EBIT		121	96	350	450
CAPEX		200	135	585	584
Fixed telephony¹⁾					
Net customer intake (thousands)		-53	-202	-273	-541
Net sales		507	662	2,201	2,865
EBITDA		142	212	669	966
EBIT		122	184	585	857
CAPEX		24	14	76	45
Total					
Net customer intake (thousands)		-492	118	255	1,882
Net sales		7,568	7,873	29,871	30,742
EBITDA		1,461	1,444	5,990	6,240
EBIT ²⁾	2	575	579	2,626	2,533
CAPEX	6	1,255	1,080	5,169	3,704
EBT		424	381	1,578	1,422
Net profit		169	216	655	976
Cash flow from operating activities, continued operations		1,520	1,010	5,090	4,967
Cash flow from operating activities, total operations		1,520	1,815	5,813	8,679
Cash flow after CAPEX, continued operations	6	507	-101	165	1,684
Cash flow after CAPEX, total operations		507	529	572	4,070

1) Excluding one-off items (see section EBIT on page 21).

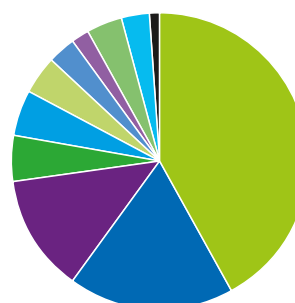
2) Total EBIT includes result from sale of operations and other one-off items stated under the segment reporting section of EBIT (page 22).

Net sales per service area, Q4 2013



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

Net sales per country, Q4 2013



Sweden	42%	Latvia	3%
Netherlands	18%	Estonia	2%
Norway	13%	Austria	4%
Kazakhstan	5%	Germany	3%
Croatia	5%	Other	1%
Lithuania	4%		

Overview by country

NET SALES LESS EXCHANGE RATE FLUCTUATIONS

	2013 Q4	2012 Q4*	Growth	2013 Full Year	2012 Full Year*	Growth
Sweden	3,156	3,229	-2%	12,453	12,698	-2%
Netherlands	1,372	1,365	1%	5,435	5,234	4%
Norway	983	1,123	-12%	4,114	4,524	-9%
Kazakhstan	365	279	31%	1,344	901	49%
Croatia	396	363	9%	1,397	1,303	7%
Lithuania	327	312	5%	1,280	1,197	7%
Latvia	230	284	-19%	915	1,025	-11%
Estonia	172	234	-26%	674	881	-23%
Austria	306	343	-11%	1,244	1,345	-8%
Germany	226	231	-2%	867	939	-8%
Other	35	68	-49%	148	324	-54%
Continued operations	7,568	7,831	-3%	29,871	30,371	-2%
FX effects		42	-1%		371	-1%
Total	7,568	7,873	-4%	29,871	30,742	-3%

* Adjusted for fluctuations in exchange rates.

Sweden

Mobile In Q4 2013, mobile net sales amounted to SEK 2,589 (2,583) million. Tele2 Sweden showed strong mobile end-user service revenue growth of 3 percent and the EBITDA contribution reached SEK 722 (748) million in the quarter.

The postpaid segment was characterized by increased activity in consumer pricing compared to the previous quarter. The shift from pay as you go to bucket price plans persisted during the quarter, with 57 percent of the postpaid residential customer stock now on bucket price plans. Tele2 Sweden maintained its lead in this transition and is well positioned to monetise on customers' growing data demand.

The trend of shifting from pre- to postpaid stabilised during the quarter as bucket pricing contributed overall to reducing the difference between pre- and postpaid. Furthermore, Tele2 Sweden was the first operator ever in Europe to launch an EU bucket pricing plan (Comviq's Fastpris EU). In its sustained efforts to become more customer friendly, Tele2 Sweden was the first operator in the country to abolish operator-locked phones.

The share of 4G-enabled handsets sold was 84 percent in the postpaid residential segment, demonstrating the continuous demand for high speed data. The introduction of Real Time Rating has allowed Tele2 Sweden to further develop the purchase experience and capture new revenue streams based on the increase of data consumption.

The Comviq brand kept rolling out its distribution concept together with Reitan Convenience nationwide, which has been well received by customers and enabled sales to a wider audience. Tele2 Sweden also opened its 57th 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 Q4	2012 Q4*	Growth	2013 Full Year	2012 Full Year*	Growth
Sweden	858	859	-	3,448	3,365	2%
Netherlands	342	370	-8%	1,251	1,540	-19%
Norway	-17	-17	-	121	204	-41%
Kazakhstan	-7	-75	91%	-138	-360	62%
Croatia	22	9	144%	95	60	58%
Lithuania	102	90	13%	461	429	7%
Latvia	72	91	-21%	292	354	-18%
Estonia	37	56	-34%	161	236	-32%
Austria	65	81	-20%	308	332	-7%
Germany	32	43	-26%	138	277	-50%
Other	-45	-35	-29%	-147	-198	26%
Continued operations	1,461	1,472	-1%	5,990	6,239	-4%
FX effects		-28	2%		1	-
Total	1,461	1,444	1%	5,990	6,240	-4%

Fixed broadband During the year, Tele2 Sweden decided to divest its residential cable and fiber operations in order to build and focus on its competitive advantage in the mobile segment. The fixed broadband customer base had a stable development in Q4 2013 with an EBITDA contribution of SEK 55 (14) million.

Fixed telephony The EBITDA contribution in the quarter amounted to SEK 55 (72) 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

Tele2 Netherlands continued to show strong mobile growth in Q4 2013. While deploying its 4G network roll-out and carrying out other preparatory actions to become the new mobile network operator in the Netherlands, the company pursued its strong commercial progress in the business segment with the addition of new contracts and contract renewals of large corporate and governmental organizations. Tele2 Netherlands constantly evaluates and optimizes its products and services to adapt them to customer needs. Tele2 Netherlands' focus on customer experience resulted in a substantially higher satisfaction rate. One of the most visible changes was the relaunch of the Dutch website, incorporating customer insights in its navigation and content.

Mobile In Q4 2013, Tele2 Netherlands showed its ninth consecutive quarter of mobile growth with a net intake of 62,000 (55,000) customers. The total growth in 2013 amounted to 224,000, bringing the total mobile customer base to 694,000. This resulted in net sales of SEK 447 (288) and EBITDA amounted to SEK 26 (-28) million in Q4 2013.

MNO project The network roll-out is on track. In Q4 2013, the new mobile core was installed in Tele2's network. This important milestone enabled Tele2 to set up the first successful data tests on the 4G-only network.

Fixed Broadband Q4 2013 showed continuous pressure on the residential DSL base of Tele2 Netherlands. The decline in customers

was in line with market development. Tele2 Netherlands' focus on improving customer satisfaction resulted in substantially higher improvement rates. The company was able to add new contracts to its business customer base, like Feenstra, the largest Dutch energy service provider. It also renewed important contracts of existing customers such as the Van Gansewinkel Group, the Justice department and the national railroad company.

Norway

Mobile Tele2 Norway had a net intake of -3,000 (15,000), leading to a total customer base of 1,119,000 in the quarter.

In Q4 2013, Tele2 Norway reported net sales of SEK 929 (1,153) million. The decrease was mainly due to the reduction of termination rates and negative currency movement affecting net sales negatively.

Tele2 Norway reached an EBITDA contribution of SEK -20 (-28) million in Q4 2013. The EBITDA development was negatively affected by SEK -35 million due to restructuring costs for employees. Although the operational development was negatively impacted by lower termination rates, this was partly counterbalanced by lower national roaming as more traffic was carried on Tele2 Norway's own network.

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, 77 percent of Tele2's and One Call's customers had fixed fee subscriptions. In Q4 2013, the company reached world-class customer service according to international benchmarks of customer satisfaction.

Traffic volume in Tele2 Norway's own network increased steadily during the quarter and approximately 43 percent of total traffic was on net. The network now covers approximately 75 percent of the population.

In the quarter, Tele2 Norway did not obtain any frequencies in the multiband auction held in December. The company will continue its operations with existing frequency resources and maintain commercial efforts to further develop the business.

Fixed telephony showed a decrease in net sales and profitability during Q4 2013, due to higher competition from mobile services. Fixed telephony had an EBITDA contribution of SEK 1 (12) million in the quarter.

Kazakhstan

Mobile In Q4 2013, Tele2 Kazakhstan continued to focus on revenue growth and on improving the quality of its customer base. Net sales amounted to SEK 365 (294) million, growing by 24 percent compared to the same period last year. The mobile end-user service revenue increased by 33 percent in the quarter. Tele2 Kazakhstan reached an important milestone - EBITDA break-even on a monthly basis in December, and EBITDA for the quarter amounted to SEK -7 (-83) million.

Tele2 Kazakhstan had a net intake of -393,000 (361,000). The negative net intake in Q4 2013 was due to high churn from promotional sales earlier in the year. During the quarter, the company focused on attracting higher quality subscribers.

ARPU improved by 43 percent compared to the same period last year. One of the main reasons behind this improvement was continued measures to attract better quality subscribers. 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.

Starting from January 2014, there will be a 15 percent reduction in mobile termination rates according to a Memorandum signed by the three operators in 2012.

Tele2 Kazakhstan continued its rapid network extension in Q4 2013. During the quarter, the number of base stations increased by almost 160. Tele2 Kazakhstan concentrated its efforts on expanding network coverage and improving network quality, voice and data capability in all regions of the country. Additionally, Tele2 Kazakhstan launched 2 new stores and with now a total of 55 stores the company provides a full range of customer services.

Croatia

Mobile Tele2 Croatia continued to improve its perception among customers and was considered "best value" in the quarter by a local agency. Operational performance continued to improve and the company had its third consecutive quarter with profitable growth. Mobile net sales grew by 10 percent and EBITDA contribution improved significantly to SEK 22 (9) million.

Tele2 Croatia's marketing efforts paid off in Q4 2013 as the total customer base grew by 5 percent, driving positive net sales and EBITDA development.

Lithuania

Mobile Tele2 Lithuania showed solid performance during Q4 2013. Despite fierce competition, Tele2 Lithuania maintained a stable customer base development.

Net sales increased by 8 percent to SEK 327 (304) 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 Q4 2013, Tele2 Lithuania had a healthy EBITDA margin of 31 (29) percent.

Due to intensified price pressure from competition, Tele2 Lithuania will work to further improve 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 85 percent of its network through a network swap of old equipment. The rest of the network will be upgraded by February 2014. The upgrade will then enable Tele2 Lithuania to provide all possible network services including 2G, 3G and 4G.

Latvia

Mobile During the quarter, Tele2 Latvia concentrated its efforts on several large scale infrastructure projects, resulting in higher capital investment compared to previous quarters. In Q4 2013, the EBITDA margin was 31 percent, a stable development compared to the same period last year. The company gained a stronger price leadership position in the market, and introduced new initiatives in customer service.

In the quarter, Tele2 Latvia secured the LTE 800 MHz frequency band for 18 years, thereby laying the foundation for the future development of LTE services.

The company completed a large infrastructure modernisation

project, which will allow its network to support all upcoming mobile services and standards.

Tele2 Latvia will continue to keep its active position in the market while maintaining its focus on efficiency, customer satisfaction and future development.

Estonia

Mobile Tele2 Estonia showed satisfactory financial performance during Q4 2013 under very difficult market conditions.

Net sales development stabilised 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.

Tele2 Estonia secured licenses in the 800 MHz bandwidth during an auction in January 2014, laying the foundation for the future development of LTE services. Tele2 Estonia continued to upgrade its network through a network swap of old equipment in order to provide the best voice and data service quality. 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 concluded the year with a solid EBITDA and cash flow performance by registering total net sales in line with expectations and managing the underlying cost base. The company kept its focus on growth areas in the business and residential segments.

Tele2 Austria maintained its high customer satisfaction levels of about 84 percent on average.

Fixed broadband Tele2 Austria continued to successfully upsell high speed products to existing customers with high conversion rates due to the integration of new channels. During the quarter, the company launched an extended product portfolio, securing its customer base and net sales by the end of year better than forecasted.

Fixed telephony Successful retention and upselling activities led to a reduction in lost value and a slowdown in ARPU decline, especially in the fixed direct area.

Germany

During Q4 2013, Tele2 Germany pursued its transformation from a fixed centric into a fixed and mobile service provider. Besides the growth strategy in mobile, Tele2 Germany continued to focus on profitability in the fixed and broadband segments to resist the general declining market trend and maintain good profitability.

Mobile The mobile segment showed a stable growth rate in the quarter with a large intake share from the new mobile offers. Among all segments, the young mobile segment already provided the strongest net sales contribution in the fourth quarter. The intake of fixed-via-mobile products followed the increasing demand for voice and data bundles.

Fixed Broadband and Telephony In Q4 2013, both the fixed telephony (Carrier Pre-Selection and Open Call-by-Call) and the fixed broadband segments continued to show a strong financial performance in terms of cash flows and EBITDA margin. Furthermore, both segments delivered better-than-planned results thanks to successful customer base management.

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, price competition, integration of new business models, changes in regulatory legislation, operations in Kazakhstan, network sharing with other parties, 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 12, 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 was initially comprised of Cristina Stenbeck appointed by Investment AB Kinnevik; Åsa Nisell appointed by Swedbank Robur funds; Hans Ek appointed by SEB Investment Management. Since then, Nordea Investment Funds has increased its shareholdings to become one of the three largest shareholders in Tele2. Consequently, Mathias Leijon, appointed by Nordea Investment Funds, has joined the work of the Nomination Committee as an adjunct member.

The members of the Committee appointed Cristina Stenbeck as 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

The annual report 2013 is expected to be released on March 28, 2014 and be available on www.tele2.com.

Tele2 will release its financial and operating results for the period ending March 31, 2014 on April 25, 2014.

Stockholm, February 7, 2014
Tele2 AB

Mike Parton
Chairman

Lars Berg

Mia Brunell Livfors

John Hepburn

Erik Mitteregger

John Shakeshaft

Carla Smits-Nusteling

Mario Zanotti

Mats Granryd
President and CEO

Review Report

Introduction

We have reviewed the full year report for Tele2 AB (publ.) for the period January 1 – December 31, 2013. The Board of Directors and the President are responsible for the preparation and presentation of this full year report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this full year report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus

and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the full year report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, February 7, 2014
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Q4 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 CET (09:00 am GMT/04:00 am EST) on Friday, February 7, 2014. The presentation will be held in English and also made available as an audiocast on www.tele2.com.

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.

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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 2013, we had net sales of SEK 30 billion and reported an operating profit (EBITDA) of SEK 6 billion.

Income statement

SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2012 Q4
CONTINUING OPERATIONS					
Net sales		29,871	30,742	7,568	7,873
Cost of services sold	2	-18,539	-19,159	-4,598	-4,850
Gross profit		11,332	11,583	2,970	3,023
Selling expenses	2	-6,598	-6,554	-1,711	-1,679
Administrative expenses	2	-2,636	-3,144	-700	-783
Result from shares in associated companies		-17	-7	-3	-4
Other operating income		208	190	63	40
Other operating expenses		-97	-93	-33	-21
Operating profit, EBIT		2,192	1,975	586	576
Interest income/costs	3	-391	-494	-90	-120
Other financial items	4	-223	-59	-72	-75
Profit after financial items, EBT		1,578	1,422	424	381
Income tax	5	-923	-446	-255	-165
NET PROFIT FROM CONTINUING OPERATIONS		655	976	169	216
DISCONTINUED OPERATIONS					
Net profit from discontinued operations	10	13,935	2,288	-	349
NET PROFIT		14,590	3,264	169	565
ATTRIBUTABLE TO					
Equity holders of the parent company		14,590	3,264	169	565
Earnings per share (SEK)	9	32.77	7.34	0.37	1.27
Earnings per share, after dilution (SEK)	9	32.55	7.30	0.36	1.26
FROM CONTINUING OPERATIONS					
ATTRIBUTABLE TO					
Equity holders of the parent company		655	976	169	216
Earnings per share (SEK)	9	1.47	2.20	0.37	0.49
Earnings per share, after dilution (SEK)	9	1.45	2.18	0.36	0.48

Comprehensive income

SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2012 Q4
Net profit		14,590	3,264	169	565
OTHER COMPREHENSIVE INCOME					
Components not to be reclassified to net profit					
Pensions, actuarial gains/losses		203	-49	195	-49
Pensions, actuarial gains/losses, tax effect		-45	8	-43	8
Total components not to be reclassified to net profit		158	-41	152	-41
Components that may be reclassified to net profit					
Exchange rate differences		266	-358	362	226
Exchange rate differences, tax effect	5	-18	1,857	26	2,748
Reversed cumulative exchange rate differences from divested companies	10	1,716	16	-1	-
Cash flow hedges		82	-37	-10	-9
Cash flow hedges, tax effect		-18	1	2	-6
Total components that may be reclassified to net profit		2,028	1,479	379	2,959
Other comprehensive income for the period, net of tax		2,186	1,438	531	2,918
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		16,776	4,702	700	3,483
ATTRIBUTABLE TO					
Equity holders of the parent company		16,776	4,702	700	3,483

Change in equity

SEK million	Note	Dec 31, 2013			Dec 31, 2012		
		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, January 1		20,426	3	20,429	21,449	3	21,452
Net profit for the year		14,590	-	14,590	3,264	-	3,264
Other comprehensive income for the year, net of tax		2,186	-	2,186	1,438	-	1,438
Total comprehensive income for the year		16,776	-	16,776	4,702	-	4,702
Other changes in equity							
Share-based payments	9	14	-	14	50	-	50
Share-based payments, tax effect	9	10	-	10	-	-	-
Sale of own shares	9	-	-	-	6	-	6
Dividends	9	-3,163	-	-3,163	-5,781	-	-5,781
Redemption of shares	9	-12,474	-	-12,474	-	-	-
Purchase of non-controlling interests	9	-	-1	-1	-	-	-
EQUITY, END OF YEAR		21,589	2	21,591	20,426	3	20,429

Balance sheet

SEK million	Note	Dec 31, 2013	Dec 31, 2012
ASSETS			
NON-CURRENT ASSETS			
Goodwill	2	9,537	10,174
Other intangible assets	2	5,183	5,540
Intangible assets		14,720	15,714
Tangible assets	2	11,747	18,079
Financial assets	3	365	105
Deferred tax assets	5	2,753	4,263
NON-CURRENT ASSETS		29,585	38,161
CURRENT ASSETS			
Inventories		471	473
Current receivables		7,948	8,823
Current investments		55	59
Cash and cash equivalents	8	1,348	1,673
CURRENT ASSETS		9,822	11,028
ASSETS CLASSIFIED AS HELD FOR SALE	10	448	–
ASSETS		39,855	49,189
EQUITY AND LIABILITIES			
EQUITY			
Attributable to equity holders of the parent company		21,589	20,426
Non-controlling interests		2	3
EQUITY	9	21,591	20,429
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3	6,282	13,240
Non-interest-bearing liabilities	5	441	933
NON-CURRENT LIABILITIES		6,723	14,173
CURRENT LIABILITIES			
Interest-bearing liabilities	3	3,148	4,272
Non-interest-bearing liabilities		8,340	10,315
CURRENT LIABILITIES		11,488	14,587
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	10	53	–
EQUITY AND LIABILITIES		39,855	49,189

Cash flow statement

(Total operations)

SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
OPERATING ACTIVITIES									
Operating profit	2	16,339	5,653	586	248	13,926	1,579	1,524	1,317
Adjustments for non-cash items in operating profit		-9,141	5,071	891	1,286	-12,426	1,108	1,154	1,414
Financial items paid		-455	-598	-141	-132	-69	-113	-363	-6
Taxes paid		-479	-989	-109	-31	-7	-332	-497	-178
Cash flow from operations before changes in working capital		6,264	9,137	1,227	1,371	1,424	2,242	1,818	2,547
Changes in working capital		-451	-458	293	-14	-63	-667	-3	231
CASH FLOW FROM OPERATING ACTIVITIES		5,813	8,679	1,520	1,357	1,361	1,575	1,815	2,778
INVESTING ACTIVITIES									
CAPEX paid	6	-5,241	-4,609	-1,013	-862	-905	-2,461	-1,286	-1,076
Cash flow after CAPEX		572	4,070	507	495	456	-886	529	1,702
Acquisition and sale of shares and participations	10	17,228	-246	-4	-52	17,392	-108	-16	1
Other financial assets		7	31	-6	1	8	4	1	2
Cash flow from investing activities		11,994	-4,824	-1,023	-913	16,495	-2,565	-1,301	-1,073
CASH FLOW AFTER INVESTING ACTIVITIES		17,807	3,855	497	444	17,856	-990	514	1,705
FINANCING ACTIVITIES									
Change of loans, net	3	-2,433	2,498	-169	-159	-1,876	-229	511	-2,256
Dividends	9	-3,163	-5,781	-	-	-3,163	-	-	-
Redemption of shares	9	-12,474	-	-	-	-12,474	-	-	-
Other financing activities	9	-94	6	-	-	-	-94	-	-
Cash flow from financing activities		-18,164	-3,277	-169	-159	-17,513	-323	511	-2,256
NET CHANGE IN CASH AND CASH EQUIVALENTS		-357	578	328	285	343	-1,313	1,025	-551
Cash and cash equivalents at beginning of period		1,673	1,026	1,024	740	386	1,673	632	1,147
Exchange rate differences in cash and cash equivalents		32	69	-4	-1	11	26	16	36
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	1,348	1,673	1,348	1,024	740	386	1,673	632

Numbers of customers

by thousands	Note	Number of customers		Net intake							
		2013 Dec 31	2012 Dec 31	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden											
Mobile	1	3,738	3,757	38	33	-8	60	20	-34	-38	34
Fixed broadband		465	484	-19	10	-7	-2	3	-13	-2	3
Fixed telephony	1	273	341	-68	-203	-16	-15	-16	-21	-113	-27
		4,476	4,582	-49	-160	-31	43	7	-68	-153	10
Netherlands											
Mobile	1	694	478	224	151	62	56	49	57	55	51
Fixed broadband		374	421	-47	-54	-11	-12	-10	-14	-17	-13
Fixed telephony		107	141	-34	-41	-7	-6	-10	-11	-8	-8
		1,175	1,040	143	56	44	38	29	32	30	30
Norway											
Mobile	1	1,119	1,136	20	70	-3	5	22	-4	15	16
Fixed telephony		63	81	-18	-11	-7	-3	-4	-4	-3	-2
		1,182	1,217	2	59	-10	2	18	-8	12	14
Kazakhstan											
Mobile	1	2,751	3,412	154	2,041	-393	-14	309	252	361	589
		2,751	3,412	154	2,041	-393	-14	309	252	361	589
Croatia											
Mobile	1	793	754	40	44	-45	50	13	22	-44	33
		793	754	40	44	-45	50	13	22	-44	33
Lithuania											
Mobile	1	1,851	1,783	81	62	-1	54	16	12	-5	38
Fixed telephony		-	-	-	-2	-	-	-	-	-	-2
		1,851	1,783	81	60	-1	54	16	12	-5	36
Latvia											
Mobile	1	1,031	1,043	-9	24	-41	24	11	-3	1	21
		1,031	1,043	-9	24	-41	24	11	-3	1	21
Estonia											
Mobile	1	503	506	-	2	-8	7	2	-1	-14	11
Fixed telephony		4	5	-1	-3	-	-	-1	-	-	-
		507	511	-1	-1	-8	7	1	-1	-14	11
Austria											
Fixed broadband		118	127	-9	-7	-2	-2	-2	-3	-2	-1
Fixed telephony		167	191	-24	-40	-6	-5	-6	-7	-5	-7
		285	318	-33	-47	-8	-7	-8	-10	-7	-8
Germany											
Mobile		176	110	66	65	20	21	13	12	13	14
Fixed broadband		71	82	-11	-18	-2	-2	-3	-4	-3	-5
Fixed telephony		466	594	-128	-241	-17	-10	-76	-25	-73	-54
		713	786	-73	-194	1	9	-66	-17	-63	-45
TOTAL											
Mobile	1	12,656	12,979	614	2,492	-417	263	455	313	344	807
Fixed broadband		1,028	1,114	-86	-69	-22	-18	-12	-34	-24	-16
Fixed telephony		1,080	1,353	-273	-541	-53	-39	-113	-68	-202	-100
TOTAL NUMBERS OF CUSTOMERS AND NET INTAKE		14,764	15,446	255	1,882	-492	206	330	211	118	691
Acquired companies	10			-	14	-	-	-	-	-	-
Changed method of calculation	1			-937	-	-93	-	-844	-	-	-
TOTAL NUMBERS OF CUSTOMERS AND NET CHANGE		14,764	15,446	-682	1,896	-585	206	-514	211	118	691

Net sales

SEK million	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden								
Mobile	10,075	10,002	2,590	2,508	2,540	2,437	2,585	2,522
Fixed broadband	1,411	1,440	345	334	349	383	351	359
Fixed telephony	841	1,141	188	203	218	232	261	281
Other operations	133	120	34	35	33	31	34	27
	12,460	12,703	3,157	3,080	3,140	3,083	3,231	3,189
Netherlands								
Mobile	1,682	920	447	463	417	355	288	234
Fixed broadband	2,632	3,043	651	646	650	685	731	709
Fixed telephony	551	662	131	135	142	143	158	151
Other operations	571	644	143	139	141	148	153	150
	5,436	5,269	1,372	1,383	1,350	1,331	1,330	1,244
Norway								
Mobile	3,874	4,467	929	974	989	982	1,153	1,117
Fixed broadband	–	4	–	–	–	–	–	1
Fixed telephony	252	316	56	59	67	70	76	75
Other operations	6	–	2	2	–	2	–	–
	4,132	4,787	987	1,035	1,056	1,054	1,229	1,193
Kazakhstan								
Mobile	1,344	957	365	357	333	289	294	270
	1,344	957	365	357	333	289	294	270
Croatia								
Mobile	1,397	1,321	396	372	333	296	360	357
	1,397	1,321	396	372	333	296	360	357
Lithuania								
Mobile	1,289	1,213	329	336	329	295	306	306
	1,289	1,213	329	336	329	295	306	306
Latvia								
Mobile	926	1,044	233	234	221	238	281	265
	926	1,044	233	234	221	238	281	265
Estonia								
Mobile	606	825	156	163	148	139	211	207
Fixed telephony	10	7	2	3	2	3	2	1
Other operations	58	54	14	16	14	14	15	17
	674	886	172	182	164	156	228	225
Austria								
Fixed broadband	811	874	203	204	202	202	216	209
Fixed telephony	190	228	47	46	47	50	55	52
Other operations	243	251	56	63	62	62	63	61
	1,244	1,353	306	313	311	314	334	322
Germany								
Mobile	321	192	99	82	74	66	60	52
Fixed broadband	171	205	40	43	43	45	48	48
Fixed telephony	375	549	87	88	97	103	117	123
	867	946	226	213	214	214	225	223
Other								
Other operations	152	324	37	40	36	39	68	70
	152	324	37	40	36	39	68	70
TOTAL								
Mobile	21,514	20,941	5,544	5,489	5,384	5,097	5,538	5,330
Fixed broadband	5,025	5,566	1,239	1,227	1,244	1,315	1,346	1,326
Fixed telephony	2,219	2,903	511	534	573	601	669	683
Other operations	1,163	1,393	286	295	286	296	333	325
	29,921	30,803	7,580	7,545	7,487	7,309	7,886	7,664
Internal sales, elimination	–50	–61	–12	–16	–11	–11	–13	–15
TOTAL	29,871	30,742	7,568	7,529	7,476	7,298	7,873	7,649

Internal sales

SEK million	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden								
Mobile	7	5	1	2	1	3	2	-
	7	5	1	2	1	3	2	-
Netherlands								
Other operations	1	2	-	-	1	-	-	1
	1	2	-	-	1	-	-	1
Norway								
Fixed telephony	18	38	4	6	4	4	7	9
	18	38	4	6	4	4	7	9
Lithuania								
Mobile	9	8	2	2	3	2	2	3
	9	8	2	2	3	2	2	3
Latvia								
Mobile	11	8	3	4	2	2	2	2
	11	8	3	4	2	2	2	2
Other								
Other operations	4	-	2	2	-	-	-	-
	4	-	2	2	-	-	-	-
TOTAL								
Mobile	27	21	6	8	6	7	6	5
Fixed telephony	18	38	4	6	4	4	7	9
Other operations	5	2	2	2	1	-	-	1
TOTAL	50	61	12	16	11	11	13	15

Mobile external net sales split

SEK million	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden, mobile								
End-user service revenue	6,950	6,748	1,775	1,767	1,746	1,662	1,716	1,755
Operator revenue	982	1,239	209	229	274	270	306	288
<i>Service revenue</i>	<i>7,932</i>	<i>7,987</i>	<i>1,984</i>	<i>1,996</i>	<i>2,020</i>	<i>1,932</i>	<i>2,022</i>	<i>2,043</i>
Equipment revenue	1,535	1,544	449	358	373	355	426	362
Other revenue	601	466	156	152	146	147	135	117
	10,068	9,997	2,589	2,506	2,539	2,434	2,583	2,522
Netherlands, mobile								
End-user service revenue	944	553	261	259	227	197	158	146
Operator revenue	131	102	34	34	34	29	27	24
<i>Service revenue</i>	<i>1,075</i>	<i>655</i>	<i>295</i>	<i>293</i>	<i>261</i>	<i>226</i>	<i>185</i>	<i>170</i>
Equipment revenue	607	265	152	170	156	129	103	64
	1,682	920	447	463	417	355	288	234
Norway, mobile								
End-user service revenue	3,028	2,998	718	761	774	775	771	777
Operator revenue	550	1,147	137	137	143	133	264	270
<i>Service revenue</i>	<i>3,578</i>	<i>4,145</i>	<i>855</i>	<i>898</i>	<i>917</i>	<i>908</i>	<i>1,035</i>	<i>1,047</i>
Equipment revenue	296	322	74	76	72	74	118	70
	3,874	4,467	929	974	989	982	1,153	1,117
Kazakhstan, mobile								
End-user service revenue	909	614	251	240	223	195	189	172
Operator revenue	402	324	106	108	102	86	97	93
<i>Service revenue</i>	<i>1,311</i>	<i>938</i>	<i>357</i>	<i>348</i>	<i>325</i>	<i>281</i>	<i>286</i>	<i>265</i>
Equipment revenue	33	19	8	9	8	8	8	5
	1,344	957	365	357	333	289	294	270
Croatia, mobile								
End-user service revenue	749	764	191	199	184	175	189	200
Operator revenue	298	337	71	91	75	61	90	110
<i>Service revenue</i>	<i>1,047</i>	<i>1,101</i>	<i>262</i>	<i>290</i>	<i>259</i>	<i>236</i>	<i>279</i>	<i>310</i>
Equipment revenue	350	220	134	82	74	60	81	47
	1,397	1,321	396	372	333	296	360	357
Lithuania, mobile								
End-user service revenue	843	859	205	221	213	204	194	218
Operator revenue	145	163	37	35	32	41	45	38
<i>Service revenue</i>	<i>988</i>	<i>1,022</i>	<i>242</i>	<i>256</i>	<i>245</i>	<i>245</i>	<i>239</i>	<i>256</i>
Equipment revenue	292	183	85	78	81	48	65	47
	1,280	1,205	327	334	326	293	304	303
Latvia, mobile								
End-user service revenue	533	657	130	139	136	128	156	168
Operator revenue	225	235	55	49	46	75	73	56
<i>Service revenue</i>	<i>758</i>	<i>892</i>	<i>185</i>	<i>188</i>	<i>182</i>	<i>203</i>	<i>229</i>	<i>224</i>
Equipment revenue	157	144	45	42	37	33	50	39
	915	1,036	230	230	219	236	279	263
Estonia, mobile								
End-user service revenue	391	453	96	102	98	95	104	114
Operator revenue	65	230	16	18	16	15	61	53
<i>Service revenue</i>	<i>456</i>	<i>683</i>	<i>112</i>	<i>120</i>	<i>114</i>	<i>110</i>	<i>165</i>	<i>167</i>
Equipment revenue	150	142	44	43	34	29	46	40
	606	825	156	163	148	139	211	207
Germany, mobile								
End-user service revenue	316	186	97	81	73	65	59	51
<i>Service revenue</i>	<i>316</i>	<i>186</i>	<i>97</i>	<i>81</i>	<i>73</i>	<i>65</i>	<i>59</i>	<i>51</i>
Equipment revenue	5	6	2	1	1	1	1	1
	321	192	99	82	74	66	60	52
TOTAL, MOBILE								
End-user service revenue	14,663	13,832	3,724	3,769	3,674	3,496	3,536	3,601
Operator revenue	2,798	3,777	665	701	722	710	963	932
Service revenue	17,461	17,609	4,389	4,470	4,396	4,206	4,499	4,533
Equipment revenue	3,425	2,845	993	859	836	737	898	675
Other revenue	601	466	156	152	146	147	135	117
TOTAL	21,487	20,920	5,538	5,481	5,378	5,090	5,532	5,325

EBITDA

SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden									
Mobile		2,971	2,869	722	760	757	732	748	828
Fixed broadband		143	93	55	49	19	20	14	35
Fixed telephony		243	327	55	61	62	65	72	89
Other operations		91	76	26	30	18	17	25	14
		3,448	3,365	858	900	856	834	859	966
Netherlands									
Mobile		-20	-34	26	-22	-2	-22	-28	5
Fixed broadband		854	1,040	217	192	216	229	254	248
Fixed telephony		137	235	30	35	38	34	58	60
Other operations		280	308	69	66	69	76	77	73
		1,251	1,549	342	271	321	317	361	386
Norway									
Mobile	2	91	169	-20	49	35	27	-28	101
Fixed broadband		-	1	-	-	-	-	-	-
Fixed telephony		24	44	1	4	9	10	12	11
Other operations		6	-	2	2	-	2	-	-
		121	214	-17	55	44	39	-16	112
Kazakhstan									
Mobile		-138	-387	-7	-34	-52	-45	-83	-102
		-138	-387	-7	-34	-52	-45	-83	-102
Croatia									
Mobile		95	60	22	48	22	3	9	34
		95	60	22	48	22	3	9	34
Lithuania									
Mobile		461	432	102	109	133	117	87	106
		461	432	102	109	133	117	87	106
Latvia									
Mobile		292	358	72	72	69	79	89	90
		292	358	72	72	69	79	89	90
Estonia									
Mobile		124	205	28	33	28	35	45	51
Fixed telephony		4	-	1	1	2	-	-	-
Other operations		33	31	8	9	6	10	9	9
		161	236	37	43	36	45	54	60
Austria									
Fixed broadband		184	197	37	48	45	54	48	58
Fixed telephony		106	123	25	26	26	29	28	31
Other operations		18	13	3	3	6	6	2	6
		308	333	65	77	77	89	78	95
Germany									
Mobile		-30	15	-2	-25	-5	2	-6	2
Fixed broadband		13	26	4	2	3	4	5	5
Fixed telephony		155	237	30	41	39	45	42	59
		138	278	32	18	37	51	41	66
Other									
Other operations		-147	-198	-45	-36	-25	-41	-35	-42
		-147	-198	-45	-36	-25	-41	-35	-42
TOTAL									
Mobile		3,846	3,687	943	990	985	928	833	1,115
Fixed broadband		1,194	1,357	313	291	283	307	321	346
Fixed telephony		669	966	142	168	176	183	212	250
Other operations		281	230	63	74	74	70	78	60
TOTAL		5,990	6,240	1,461	1,523	1,518	1,488	1,444	1,771

EBIT

SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden									
Mobile		1,937	1,780	450	497	508	482	512	596
Fixed broadband		-134	-219	11	-28	-59	-58	-66	-43
Fixed telephony		219	288	50	57	54	58	63	79
Other operations		41	32	17	14	6	4	14	3
		2,063	1,881	528	540	509	486	523	635
Netherlands									
Mobile		-52	-64	17	-29	-11	-29	-36	-2
Fixed broadband		371	545	90	74	97	110	133	130
Fixed telephony		121	219	27	30	34	30	55	56
Other operations		210	237	50	49	52	59	60	56
		650	937	184	124	172	170	212	240
Norway									
Mobile	2	-372	-253	-144	-76	-72	-80	-137	-2
Fixed broadband		-	1	-	-	-	-	-	-
Fixed telephony		21	39	1	3	8	9	10	10
Other operations		5	-	2	1	-	2	-	-
		-346	-213	-141	-72	-64	-69	-127	8
Kazakhstan									
Mobile	2	-450	-691	-155	-93	-106	-96	-135	-190
		-450	-691	-155	-93	-106	-96	-135	-190
Croatia									
Mobile		-6	-65	4	21	-6	-25	-20	-
		-6	-65	4	21	-6	-25	-20	-
Lithuania									
Mobile		342	259	73	80	102	87	42	63
		342	259	73	80	102	87	42	63
Latvia									
Mobile		188	142	55	49	43	41	45	35
		188	142	55	49	43	41	45	35
Estonia									
Mobile		32	67	6	8	5	13	5	18
Fixed telephony		3	-	-	2	1	-	-	-
Other operations		20	19	5	5	4	6	5	6
		55	86	11	15	10	19	10	24
Austria									
Fixed broadband		109	109	19	28	27	35	27	39
Fixed telephony		74	86	15	19	19	21	17	21
Other operations		-	-8	-1	-1	1	1	-3	-
		183	187	33	46	47	57	41	60
Germany									
Mobile		-52	-2	-6	-32	-11	-3	-11	-1
Fixed broadband		4	14	1	-	1	2	2	3
Fixed telephony		147	225	29	39	36	43	39	55
		99	237	24	7	26	42	30	57
Other									
Other operations		-152	-227	-41	-42	-25	-44	-42	-53
		-152	-227	-41	-42	-25	-44	-42	-53
TOTAL									
Mobile		1,567	1,173	300	425	452	390	265	517
Fixed broadband		350	450	121	74	66	89	96	129
Fixed telephony		585	857	122	150	152	161	184	221
Other operations		124	53	32	26	38	28	34	12
		2,626	2,533	575	675	708	668	579	879
One-off items	2	-434	-558	11	-450	3	2	-3	-538
TOTAL		2,192	1,975	586	225	711	670	576	341

EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT							
SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
EBITDA		5,990	6,240	1,461	1,523	1,518	1,488	1,444	1,771
Impairment of goodwill and other assets	2	-457	-249	-3	-454	-	-	1	-250
Sale of operations		23	-13	14	4	3	2	2	-
Acquisition costs	10	-	-2	-	-	-	-	-	-
Other one-off items	2	-	-294	-	-	-	-	-6	-288
Total one-off items		-434	-558	11	-450	3	2	-3	-538
Depreciation/amortization and other impairment		-3,347	-3,700	-883	-845	-806	-813	-861	-888
Result from shares in associated companies		-17	-7	-3	-3	-4	-7	-4	-4
EBIT		2,192	1,975	586	225	711	670	576	341

CAPEX

SEK million	Note	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Sweden									
Mobile		766	907	226	144	211	185	271	177
Fixed broadband		165	206	35	42	36	52	46	44
Fixed telephony		7	5	1	3	2	1	1	1
Other operations		27	33	10	5	5	7	9	4
		965	1,151	272	194	254	245	327	226
Netherlands									
Mobile	6	1,648	32	232	30	15	1,371	22	5
Fixed broadband		379	333	154	82	76	67	70	76
Fixed telephony		8	11	2	1	2	3	7	2
Other operations		32	27	13	7	6	6	9	6
		2,067	403	401	120	99	1,447	108	89
Norway									
Mobile		740	537	193	257	149	141	141	129
Fixed telephony		30	6	15	8	5	2	-2	1
		770	543	208	265	154	143	139	130
Kazakhstan									
Mobile		464	742	118	120	139	87	230	236
		464	742	118	120	139	87	230	236
Croatia									
Mobile		62	54	29	12	17	4	26	17
		62	54	29	12	17	4	26	17
Lithuania									
Mobile		93	82	27	15	22	29	20	22
		93	82	27	15	22	29	20	22
Latvia									
Mobile		103	77	31	41	18	13	33	12
		103	77	31	41	18	13	33	12
Estonia									
Mobile		62	71	32	9	11	10	31	5
Other operations		3	8	1	1	1	-	5	1
		65	79	33	10	12	10	36	6
Austria									
Fixed broadband		38	43	10	13	9	6	18	10
Fixed telephony		29	22	6	10	7	6	8	6
Other operations		13	14	3	5	3	2	6	4
		80	79	19	28	19	14	32	20
Germany									
Mobile		19	26	1	5	6	7	9	2
Fixed broadband		3	2	1	-	2	-	1	-
Fixed telephony		2	1	-	2	-	-	-	-
		24	29	2	7	8	7	10	2
Other									
Other operations		476	465	115	111	126	124	119	103
		476	465	115	111	126	124	119	103
TOTAL									
Mobile		3,957	2,528	889	633	588	1,847	783	605
Fixed broadband		585	584	200	137	123	125	135	130
Fixed telephony		76	45	24	24	16	12	14	10
Other operations		551	547	142	129	141	139	148	118
TOTAL		5,169	3,704	1,255	923	868	2,123	1,080	863

Key ratios

SEK million	2013	2012	2011	2010	2009
CONTINUING OPERATIONS					
Net sales	29,871	30,742	29,538	30,443	32,296
Numbers of customers (by thousands)	14,764	15,446	13,550	12,445	12,128
EBITDA	5,990	6,240	6,760	7,083	7,154
EBIT	2,192	1,975	3,497	4,257	3,961
EBT	1,578	1,422	2,960	3,855	3,707
Net profit	655	976	2,056	4,121	3,446
Key ratios					
EBITDA margin, %	20.1	20.3	22.9	23.7	22.2
EBIT margin, %	7.3	6.4	11.8	14.0	12.3
Value per share (SEK)					
Net profit	1.47	2.20	4.63	9.34	7.21
Net profit after dilution	1.45	2.18	4.60	9.30	7.20
TOTAL					
Equity	21,591	20,429	21,452	28,875	28,823
Equity after dilution	21,591	20,429	21,455	28,894	28,823
Total assets	39,855	49,189	46,864	42,085	43,005
Cash flow from operating activities	5,813	8,679	9,690	9,966	9,427
Cash flow after CAPEX	572	4,070	4,118	6,008	4,635
Available liquidity	9,306	12,933	9,986	13,254	12,520
Net debt	8,007	15,745	13,518	3,417	4,013
Investments in intangible and tangible assets, CAPEX	5,534	5,294	6,095	4,094	4,846
Investments in shares, current investments etc	-17,235	215	1,563	1,424	-3,709
Key ratios					
Equity/assets ratio, %	54	42	46	69	67
Debt/equity ratio, multiple	0.37	0.77	0.63	0.12	0.14
Return on equity, %	69.5	15.6	18.9	24.0	16.3
Return on equity after dilution, %	69.5	15.6	18.9	24.0	16.3
ROCE, return on capital employed, %	48.0	15.4	20.5	22.2	16.7
Average interest rate, %	5.2	6.7	6.2	7.3	5.9
Value per share (SEK)					
Net profit	32.77	7.34	10.69	15.67	10.57
Net profit after dilution	32.55	7.30	10.63	15.61	10.55
Equity	48.49	45.95	48.33	65.44	65.31
Equity after dilution	48.17	45.68	48.09	65.23	65.18
Cash flow from operating activities	13.06	19.53	21.83	22.59	21.41
Dividend, ordinary	4.40 ¹⁾	7.10	6.50	6.00	3.85
Extraordinary dividend	-	-	6.50	21.00	2.00
Redemption	28.00	-	-	-	-
Market price at closing day	72.85	117.10	133.90	139.60	110.20

¹⁾ Proposed dividend

Parent company

INCOME STATEMENT

SEK million	Note	2013 Full year	2012 Full year
Net sales		47	49
Administrative expenses	9	-95	-135
Operating loss, EBIT		-48	-86
Dividend from group company		9,900	-
Exchange rate difference on financial items		134	22
Net interest expenses and other financial items		-216	-116
Profit/loss after financial items, EBT		9,770	-180
Appropriations, group contribution		265	163
Tax on profit/loss		-23	-5
NET PROFIT/LOSS		10,012	-22

BALANCE SHEET

SEK million	Note	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011
				(see Note 9)
ASSETS				
NON-CURRENT ASSETS				
Financial assets	9	13,586	32,315	33,915
NON-CURRENT ASSETS		13,586	32,315	33,915
CURRENT ASSETS				
Current receivables	9	11,933	237	4,548
Cash and cash equivalents		-	2	3
CURRENT ASSETS		11,933	239	4,551
ASSETS		25,519	32,554	38,466
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity	9	5,546	5,546	17,546
Unrestricted equity	9	13,126	18,670	12,467
EQUITY		18,672	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	1,452	2,586	172
Non-interest-bearing liabilities	9	87	89	60
CURRENT LIABILITIES		1,539	2,675	232
EQUITY AND LIABILITIES		25,519	32,554	38,466

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

The full year report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and the full year 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.

The new and amended IFRS standards and IFRIC interpretations (IFRS 7, IFRS 13, IAS 19 and Annual Improvements), which became effective January 1, 2013, have had no material effect on the consolidated financial statements.

In Q4 2013, the definition of CAPEX was changed to exclude capitalized dismantling costs and the definition of ROCE (return on capital employed) was changed to include provisions for asset dismantling. Furthermore, the definition for ARPU (Average revenue per user) was changed to exclude joint venture revenues. The comparable periods are re-calculated.

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 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 full year 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 Q4 2013, the definition for an active customer in the customer stock was changed to exclude Machine-to-Machine subscriptions (M2M). The one time effect on the customer stock in each segment is presented below:

Sweden	-57,000
Netherlands	-8,000
Norway	-4,000
Kazakhstan	-4,000
Croatia	-1,000
Lithuania	-13,000
Latvia	-3,000
Estonia	-3,000
Total mobile	-93,000

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 Q4 2013, Norway was negatively affected by SEK 35 million due to restructuring costs for employees.

DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q4 2013, Kazakhstan was negatively affected by an impairment loss of SEK 89 million, which mainly was related to a change to a new billing system.

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			
	Dec 31, 2013		Dec 31, 2012	
	Current	Non-current	Current	Non-current
Bonds RUB, Russia	-	-	-	5,555
Bonds NOK, Sweden	-	1,371	-	1,511
Bonds SEK, Sweden	1,000	3,295	-	3,544
Commercial papers, Sweden	325	-	2,377	-
Financial institutions	210	636	219	1,692
Put option, Kazakhstan	1,350	-	1,214	-
Other liabilities	263	980	462	938
Total interest-bearing liabilities	3,148	6,282	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 was 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 December 31, 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.

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 December 31, 2013 amounted on the asset side to SEK 8 (18) million and on the liabilities side to SEK 146 (209) million.

The bonds in RUB have been sold as part of the sale of Tele2 Russia, see Note 10. For more detailed information concerning Tele2's financing please refer to 2012 Annual report Note 25.

CLASSIFICATION AND FAIR VALUES

Tele2's financial assets consist mainly of receivables from end customers, other operators 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 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	Dec 31, 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	233	–	–	247	247
Accounts receivables	–	3,317	–	–	3,317	3,317
Other current receivables	–	313	8	–	321	321
Current investments	–	55	–	–	55	55
Cash and cash equivalents	–	1,348	–	–	1,348	1,348
Total financial assets	14	5,266	8	–	5,288	5,288
Liabilities to financial institutions and similar liabilities	–	–	–	6,837	6,837	7,021
Other interest-bearing liabilities	1,350	–	146	418	1,914	1,889
Accounts payable	–	–	–	3,140	3,140	3,140
Other current liabilities	–	–	–	516	516	516
Total financial liabilities	1,350	–	146	10,911	12,407	12,566

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 Full year	2012 Full year	2013 Q4	2012 Q4
Exchange rate differences	–68	96	–40	–37
Change in fair value, put option Kazakhstan	–166	–166	–38	–41
EUR net investment hedge, interest component	19	19	7	6
Gain on sale of shares and participations	–	2	–	–
Other financial expenses	–8	–10	–1	–3
Total other financial items	–223	–59	–72	–75

NOTE 5 TAXES

In Q4 2013, net taxes were positively affected by a valuation of deferred tax assets in Austria of SEK 10 (Q3 2012: 262) million.

In Q4 2013, the tax expenses was negatively affected by SEK 13 million due to decreased tax rate in Norway from January 1, 2014. The comparable period previous year 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.

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.

SEK million	2013 Full year	2012 Full year	2013 Q4	2012 Q4
CAPEX, continuing operations	–5,169	–3,704	–1,255	–1,080
CAPEX, discontinued operations	–365	–1,590	–	–371
This year's unpaid CAPEX and paid CAPEX from previous year	186	476	223	146
Received payment of sold non-current assets	107	209	19	19
Paid CAPEX	–5,241	–4,609	–1,013	–1,286

NOTE 7 CONTINGENT LIABILITIES

SEK million	Dec 31, 2013	Dec 31, 2012
Disputes	220	–
Asset dismantling obligation	126	–
Total contingent liabilities	346	–

Tele2 Sweden is defendant in a dispute before the District court of Stockholm, in which Verizon Sweden AB claims that Tele2 Sweden has discriminated Verizon Sweden AB as regards the interconnection fees Tele2 has charged Verizon Sweden AB during the period August 2001 – July 2004. Tele2 has disputed Verizon Sweden AB's claim in its entirety and Tele2 Sweden's assessment is that it is more likely than not that Tele2 Sweden will win the case. Verizon Sweden AB's claim amounts to SEK 139 million plus interest of SEK 81 million. The District court has informed the parties that the court intends to pass its judgment in the case on February 7, 2014.

Tele2 has obligations to dismantle assets and restore premises within fixed telephony and fixed broadband in the Netherlands as well as in Austria. Tele2 assesses such dismantling as improbable and consequently only reported this obligation as contingent liabilities.

The tax authorities in Russia are currently performing tax audits on several of Tele2's former subsidiaries in Russia. Per the sales agreement with the VTB-group Tele2 is liable for any additional taxes payable as result of the tax audits. Tele2 assesses that it is not likely that any additional taxes need to be paid.

Additional contractual commitments are stated in Note 29 in the Annual Report 2012.

NOTE 8 TRANSACTIONS WITH RELATED PARTIES

Tele2's share of cash and cash equivalents 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 Dec 31	2013 Sep 30	2013 Jun 30	2013 Mar 31	2012 Dec 31	2012 Sep 30
Cash and cash equivalents at end of the period in joint ventures	11	70	40	34	65	35

In Q4 2012 and during 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 2013. Related parties are presented in Note 36 of the Annual Report 2012.

NOTE 9 EQUITY AND NUMBER OF SHARES

	Dec 31, 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	445,228,097	444,504,182
After dilution	448,465,420	447,579,409
Weighted average, after dilution	448,181,516	447,146,240

DIVIDEND/REDEMPTION

Tele2's Board of Directors intends to propose an ordinary dividend of SEK 4.40 per share in respect of the financial year 2013 at the Annual General Meeting in 2014.

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 Q2 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 Full year
Number of share rights	
Allocated June 4, 2013	1,204,128
Forfeited	-71,900
Total outstanding share rights	1,132,228

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
			per Series			Tot	
			A	B	C		
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 Full year	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	-185,704	-239,454
Total outstanding share rights	968,263	968,263

LTI 2011

Number of share rights	2013 Full year	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	-211,623	-347,489
Total outstanding share rights	867,329	867,329

LTI 2010

Number of share rights	2013 Full year	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 Full year
Acquisitions	
Capital contribution to associated companies	-25
Dividend received from associated companies	1
Total acquisition of shares and participations	-24
Divestments	
Russia	17,252
Total sale of shares and participations	17,252
TOTAL CASH FLOW EFFECT	17,228

DIVESTMENTS

Divestments after closing day

On October 23, 2013 Tele2 announced the sale of its Swedish residential cable and fiber operations to Telenor for SEK 792 million. The sale was completed in January 2, 2014 after approval by regulatory authorities and the capital gain in Q1 2014 is estimated to SEK 250 million. The operation affected Tele2's net sales in 2013 and in Q4 2013 by SEK 565 (525) million and SEK 144 (138) million respectively.

Net assets classified as held for sale is stated below.

SEK million	Dec 31, 2013
Goodwill	9
Tangible assets	429
Current receivables	10
Assets classified as held for sale	448
Deferred tax liabilities	-18
Current non-interest-bearing liabilities	-35
Liabilities directly associated with assets classified as held for sale	-53
NET ASSETS	395

PRO FORMA

The table below shows how the divested companies and operations on December 31, 2013 would have affected Tele2's net sales and result if they had been divested on January 1, 2013.

SEK million	Full year 2013		
	Tele2 Group	Divested operations Cable and fiber operations, Sweden	Tele2 Group, pro forma
Net sales	29,871	-565	29,306
EBITDA	5,990	-100	5,890
Net profit	655	30	685

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 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Net sales	3,261	12,984	-	-	-	3,261	3,402	3,257
Cost of services sold	-1,724	-6,832	-	-	-	-1,724	-1,775	-1,720
Gross profit	1,537	6,152	-	-	-	1,537	1,627	1,537
Selling expenses	-402	-1,643	-	-	-	-402	-458	-379
Administrative expenses	-231	-833	-	-	-	-231	-223	-187
Sale of operations, profit	13,238	-	-	23	13,215	-	-	-
Other operating income	6	14	-	-	-	6	3	7
Other operating expenses	-1	-12	-	-	-	-1	-1	-2
EBIT	14,147	3,678	-	23	13,215	909	948	976
Interest income/costs	-122	-463	-	-	-	-122	-127	-129
Other financial items	21	-62	-	-	-	21	-38	6
EBT	14,046	3,153	-	23	13,215	808	783	853
Income tax	-111	-865	-	-	41	-152	-434	-156
NET PROFIT	13,935	2,288	-	23	13,256	656	349	697
Earnings per share (SEK)	31.30	5.14	-	0.03	29.79	1.48	0.78	1.56
Earnings per share, after dilution (SEK)	31.10	5.12	-	0.03	29.61	1.46	0.78	1.56

Cash flow statement

SEK million	2013 Full year	2012 Full year	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
OPERATING ACTIVITIES								
Operating profit	14,147	3,678	-	23	13,215	909	948	976
Adjustments for non-cash items in operating profit	-12,962	1,051	-	-23	-13,215	276	278	258
Financial items paid	-69	-376	-	-	-	-69	-175	-76
Taxes paid	-177	-879	-	-	-	-177	-454	-163
Cash flow from operations before changes in working capital	939	3,474	-	-	-	939	597	995
Changes in working capital	-216	238	-	-	-	-216	208	12
CASH FLOW FROM OPERATING ACTIVITIES	723	3,712	-	-	-	723	805	1,007
INVESTING ACTIVITIES								
CAPEX paid	-316	-1,326	-	-	-	-316	-175	-407
Cash flow after CAPEX	407	2,386	-	-	-	407	630	600
Sale of shares	17,252	-	-1	-48	17,404	-103	-	-
Cash flow from investing activities	16,936	-1,326	-1	-48	17,404	-419	-175	-407
CASH FLOW AFTER INVESTING ACTIVITIES	17,659	2,386	-1	-48	17,404	304	630	600
FINANCING ACTIVITIES								
Changes of loans, net	-1	2,810	-	-	-	-1	-21	-63
Other financing activities	-93	-	-	-	-	-93	-	-
Cash flow from financing activities	-94	2,810	-	-	-	-94	-21	-63
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,565	5,196	-1	-48	17,404	210	609	537

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	14,954
Sales price, net sales costs	15,289
Sales costs etc, non-cash	9
Received payment for intercompany loans	2,166
Less: cash in divested operations	-212
TOTAL CASH FLOW EFFECT	17,252

Additional information

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

SEK million	Net sales		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	2013 Full year	2012 Full year						
Mobile	3,261	12,984	-	-	-	3,261	3,402	3,257
Net sales	3,261	12,984	-	-	-	3,261	3,402	3,257

SEK million	EBITDA		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	2013 Full year	2012 Full year						
Mobile	1,189	4,744	-	-	-	1,189	1,243	1,239
Other operations	-3	-24	-	-	-	-3	-15	-8
EBITDA	1,186	4,720	-	-	-	1,186	1,228	1,231

SEK million	EBIT		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	2013 Full year	2012 Full year						
Mobile	909	3,683	-	-	-	909	959	976
Other operations	-	-5	-	-	-	-	-11	-
EBIT	909	3,678	-	-	-	909	948	976
Sale of operations, profit	13,238	-	-	23	13,215	-	-	-
EBIT	14,147	3,678	-	23	13,215	909	948	976

SEK million	Specification of items between EBITDA and EBIT		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	2013 Full year	2012 Full year						
EBITDA	1,186	4,720	-	-	-	1,186	1,228	1,231
Sale of operations	13,238	-	-	23	13,215	-	-	-
Depreciation/amortization and other impairment	-277	-1,042	-	-	-	-277	-280	-255
EBIT	14,147	3,678	-	23	13,215	909	948	976

SEK million	CAPEX		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	2013 Full year	2012 Full year						
Mobile	365	1,590	-	-	-	365	371	361
CAPEX	365	1,590	-	-	-	365	371	361

SEK million	Additional cash flow information		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	2013 Full year	2012 Full year						
CAPEX	-365	-1,590	-	-	-	-365	-371	-361
This year unpaid CAPEX and paid CAPEX from previous year	-	117	-	-	-	-	193	-189
Received payment of sold non-current assets	49	147	-	-	-	49	3	143
Paid CAPEX	-316	-1,326	-	-	-	-316	-175	-407

SEK million	2013	2012	2011	2010	2009
Net sales	3,261	12,984	11,463	10,142	7,540
Numbers of customers (by thousands)	22,882	22,716	20,636	18,438	14,451
EBITDA	1,186	4,720	4,452	3,560	2,467
EBIT	14,147	3,678	3,553	2,765	1,820
EBT	14,046	3,153	3,416	2,784	1,529
Net profit	13,935	2,288	2,695	2,348	1,290
CAPEX	365	1,590	2,010	1,495	2,236