

Good progress in the mobile business

INTERIM REPORT | January–June 2013

Q2 2013 HIGHLIGHTS

Robust net intake for the Group

■ Net intake was 330,000 (818,000), of which mobile 455,000 (966,000) in the quarter. Net sales amounted to SEK 7,476 (7,787) million of which mobile services represented SEK 5,378 (5,250) corresponding to a growth rate of 2 percent. EBITDA in Q2 2013 amounted to SEK 1,518 (1,519) million, equivalent to an EBITDA margin of 20 (20) percent. EBITDA for mobile services grew by 12 percent to SEK 985 (883) million.

Steady margin development in Tele2 Sweden

■ Mobile net sales in Sweden grew by 1 percent, as customer demand for smartphones and data services continued throughout Q2 2013. Underlying mobile service revenue (excluding interconnect hardware sales) grew by 4 percent in the quarter. The mobile EBITDA contribution in the quarter was SEK 757 (637) million, equivalent to a stable EBITDA margin of 30 percent.

Significant progress within mobile for Tele2 Netherlands

■ Tele2 Netherlands continued its marketing push within the mobile segment, accelerating its customer intake to 49,000 (32,000) customers and taking the total mobile customer base to 584,000. Mobile net sales amounted to SEK 417 (213) million and underlying mobile service revenue grew by 81 percent

in Q2 2013. In the quarter, Tele2 Netherlands started the preparatory work to become an MNO, and selected preferred vendors for radio, core and IMS.

Good progress in network roll-out for Tele2 Norway

■ Tele2 Norway performed according to plan during the quarter, adding 22,000 (23,000) mobile customers in the quarter. The network roll-out continued full speed ahead, now covering approximately 71 percent of the population. The underlying mobile service revenue growth was 13 percent in Q2 2013.

Good operational performance in Tele2 Kazakhstan

■ Tele2 Kazakhstan continued to expand its market share and added 309,000 (759,000) new customers in the quarter. Total customer base amounted to 3,162,000 (2,462,000) in June 30 2013. Mobile net sales grew by 46 percent in Q2 2013 amounting to SEK 333 (228) million. Underlying mobile service revenue grew by 64 percent. Thanks to improved operational scale and interconnect levels, EBITDA losses diminished to SEK -52 (-105) million.

For an update on financial guidance, see page 4.

Net sales Q2 2013

7,476

SEK million

EBITDA Q2 2013

1,518

SEK million

Key Financial Data Q2

SEK million	Q2			H1		
	2013	2012	%	2013	2012	%
Net sales	7,476	7,787	-4	14,774	15,220	-3
Net sales excluding exchange rate differences	7,476	7,595	-2	14,774	14,877	-1
EBITDA	1,518	1,519	0	3,006	3,025	-1
EBITDA excluding exchange rate differences	1,518	1,491	2	3,006	2,969	1
EBIT	711	512	39	1,381	1,058	31
Net profit	327	213	54	680	477	43
Earnings per share, after dilution (SEK)	0.73	0.48	52	1.52	1.07	42

The figures presented in this report refer to Q2 2013 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2012.

TELE2

CEO comment

Tele2 is a challenger in a challenged industry. We have placed our bet predominantly on mobile services, which today represent 70 percent of our total net sales. We strongly believe that this area will provide growth opportunities as our customers' demand for mobile data services continues to increase. In some markets we operate fixed line services as a good complement to our mobile operations. Today, these services represent around 26 percent of net sales and are good cash flow contributors. Though they are reducing in importance, they support our mobile operations.

What makes us unique from an industry perspective is that our mobile operations have a very clear growth trend. Around one-third of our net sales are generated by markets (Norway, the Netherlands and Kazakhstan) in which we see good opportunities for both revenue and EBITDA growth in the coming years. This growth is supported by more mature and stable mobile operations in Sweden and the Baltic region. Within the coming three years, our growth markets will make up at least 45 percent of net sales, supporting our group's guidance.

Naturally, the challenges and opportunities faced by our three growth markets are different. Let me share with you what I consider to be important areas of concentration:

- **Tele2 Norway:** Accelerate the build-out of our own mobile network and migrate traffic, acquire more frequencies to enable 4G roll-out, and improve capabilities to gain new customers from competition.
- **Tele2 Netherlands:** Finalise vendor agreements for 4G network roll-outs, secure a new MVNO agreement, and recruit top talent to ensure the success of becoming the country's fourth mobile operator.
- **Tele2 Kazakhstan:** Continue the build-out of our mobile network to match the capabilities of our competitors, maintain swift market share gains, carry on negotiating lower interconnect with peers and authorities, and show that it is possible to do proper business in the country.

In Sweden, our sustained focus is on a structured prepaid-to-postpaid migration and in support of our customers as they move from a voice to a data centric behaviour. Our 4G network has proved to be world-class; and, we should leverage it as much as we can, both in the consumer and the business segments.

The Baltic region has shown operational stability over the last quarters, but the individual countries have had very different developments. It is important that Estonia and Latvia stabilize their business performance. Competition is very tough in those markets and we need to adapt to it. Lithuania, on the other hand, is doing great and needs to handle how to be the largest mobile operator in the

“What makes us unique is the fact that our mobile operations have a very clear growth trend. Around one-fourth of our net sales are generated by markets in which we see good opportunities for growth in the coming years.”

country, an experience that we do not necessarily have in the company.

Independent of the market, customer relations is a common centre of importance shared by all of our operations. Here we need to excel and cannot afford to be second best, especially against more established players. It is promising that we are making good progress in this field and can look back at another quarter of positive development.

I am especially proud of the progress we have seen in Kazakhstan Norway, Latvia and Croatia, all being close to or at a customer satisfaction level of 85 percent (in other words - world class in customer care). However, I will not be satisfied until all our opera-

tions can show world-class levels at all customer touch points.

Let me share with you a few thoughts on Q2 2013: today's results show good progress in our mobile business, maintaining momentum in gaining customers and growing revenues. Obviously, we are fighting the same headwinds as our peers around Europe - a tough regulatory environment and declining fixed voice and broadband business. Nevertheless, our main mobile operations performed very well with positive underlying services revenue development in Sweden: +4 percent, the Netherlands: +81 percent, Norway: +13 percent and Kazakhstan: +64 percent. This is in congruence with our guidance for the coming years ahead.

EBITDA demonstrated an overall stable trend. We are investing significantly both above and below the line in several key markets and need to continue to do so to ensure that we get maximum performance from each and every business unit. Still, our mobile operations saw good EBITDA growth that expanded by 12 percent compared to the same period last year.

As I have said before, the new Tele2 Group must see to it that it stays nimble and aggressive to continue challenging the competition and its customers. It is therefore vital that we secure our cost leadership and put our money where it is strictly necessary. Although this mentality is in our DNA, we will focus additionally on operational performance throughout 2013.

Mats Granryd,
President and CEO

SIGNIFICANT EVENTS | Q2

- **Tele2 AB** announced the successful completion of its sale of Tele2 Russia to VTB Group, resulting in a capital gain of SEK 14.9 billion (see Note 10).
- **Tele2** performed Sweden's first Capital Markets Day with focus on corporate responsibility matters.
- **Cecilia Lundin**, EVP Human Resources Tele2 AB, will leave the company and join Investment AB Kinnevik.
- **Tele2 AB** completed a share redemption programme of 28 SEK/share equalling SEK 12.5 billion.

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 sales, which grew compared to the same period last year, and greater efforts to develop mobile services on own infrastructure have further improved Tele2's EBITDA. In the fixed-line operations the Group will concentrate on maximizing the return, as their customer base continues to decline.

Net customer intake amounted to 330,000 (818,000) in Q2 2013 excluding change in calculation of customers in Tele2 Kazakhstan and Tele2 Norway (see Note 1). The customer intake in mobile services amounted to 455,000 (966,000). This development was mainly driven by a good customer intake in Tele2 Kazakhstan and in Tele2 Netherlands, whose customer bases grew by 309,000 (759,000) and 49,000 (32,000) customers respectively. The fixed broadband customer base decreased by -12,000 (-7,000) customers in Q2 2013, primarily attributable to Tele2's operations in the Netherlands. As expected, the number of fixed telephony customers fell in Q2 2013. On June 30, 2013 the total customer base amounted to 15,143,000 (14,637,000).

Net sales in Q2 2013 amounted to SEK 7,476 (7,787) million. The net sales development was mainly a result of sustained success in mobile services, which grew by 2 percent compared to the same period last year and negative net sales development within consumer fixed broadband and fixed telephony.

EBITDA in Q2 2013 amounted to SEK 1,518 (1,519) million, equivalent to an EBITDA margin of 20 (20) percent. The EBITDA development was affected by improved performance in the mobile segment, but also tougher competition in the fixed broadband segment.

EBIT in Q2 2013 amounted to SEK 711 (512) million.

Profit before tax in Q2 2013 amounted to SEK 561 (334) million.

Net profit in Q2 2013 amounted to SEK 327 (213) million. Reported tax for Q2 2013 amounted to SEK -234 (-121) million. Tax payment affecting cash flow amounted to SEK -7 (-112) million.

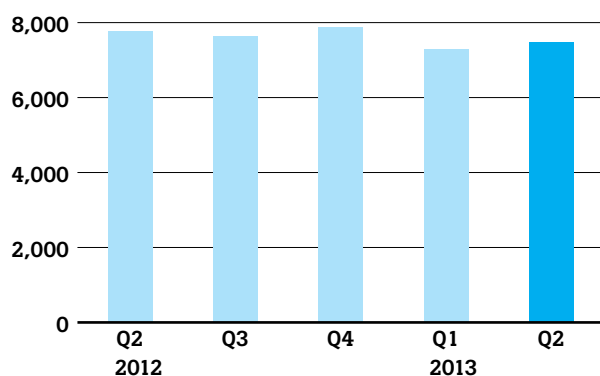
Cash flow after CAPEX in Q2 2013 amounted to SEK 456 (773) million mainly affected by maintained mobile network rollouts in Sweden, Norway and Kazakhstan.

CAPEX in Q2 2013 amounted to SEK 902 (1,009) million, driven principally by further network expansion in Sweden, Norway and Kazakhstan.

Net debt amounted to SEK 8,879 (17,611) million on June 30, 2013, or 1.43 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 12,033 (12,945) million (see note 3 for further information on financial debt).

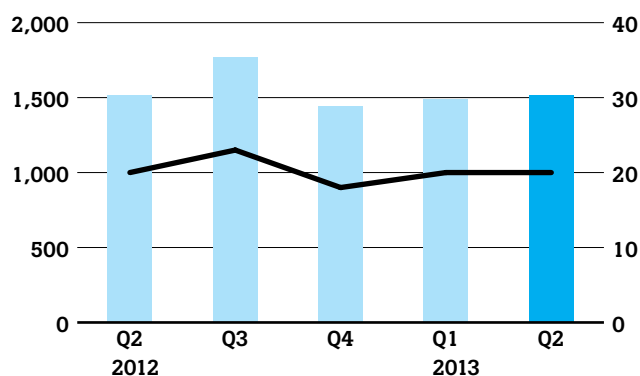
Net sales

MSEK



EBITDA/EBITDA margin

MSEK/Percent



¹⁾ See section EBIT on page 1.

Financial Guidance 2013

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

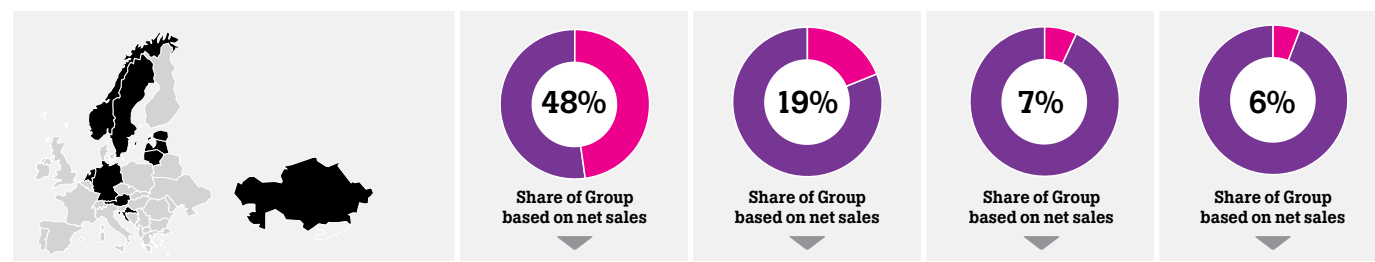
- The capability to reach a top 2 position in terms of customer market share in an individual country.
- A mobile operation based on own infrastructure should return at least 35 percent EBITDA margin excluding equipment sales.
- All operations in the Group should have at least 20 percent return on capital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

Longer term financial guidance

Tele2 makes the following longer term guidance to give improved clarity on the expected longer term performance of Tele2 AB:

- Tele2 expects to achieve a compounded annual revenue growth for the Group of between 5–7 percent until year 2015, reaching at least SEK 35.6 billion.
- Tele2 expects to achieve a compounded annual EBITDA growth for the Group of between 10–12 percent until year 2015, reaching at least SEK 8.3 billion.
- Positive operational development over the next 3 years will be driven predominantly by strong mobile development in Sweden, the Netherlands, Norway and Kazakhstan.

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



SEK million	Group ¹⁾	Sweden	Norway	Netherlands	Kazakhstan
Net sales	–	10,100 to 10,300	4,200 to 4,300	1,600 to 1,700	1,450 to 1,550 (earlier 1,700 to 1,800)
EBITDA	–	2,900 to 3,100	70 to 80	–50 to –75	–100 to –200
Cash flow Capex	5,700 (earlier 6,000) ²⁾	–	900 to 1,000	2,000 to 2,500 ²⁾	550 to 650
Other	The tax payment will affect cash flow by approximately SEK –250 million (earlier –300).			The mobile operations should reach EBITDA break-even 3 years after the commercial launch of 4G/LTE services.	Tele2 expects to reach a long-term mobile customer market share of 30 percent.

1) Total operations.

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

Shareholder remuneration

Tele2 will seek to pay a progressive ordinary dividend of 50 percent or more of net income excluding one-off items. Extraordinary dividends and the authority to purchase Tele2's own shares will be sought when the anticipated total return to shareholders is deemed to be greater than the achievable returns from the deployment of the capital within the Group's operating segments or the acquisition of assets within Tele2's economic requirements.

Balance sheet

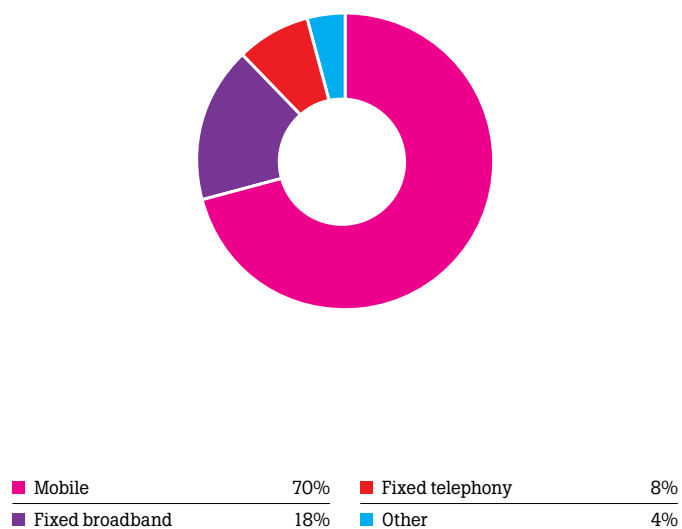
Tele2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The Group's longer term financial leverage should be in line with the industry and the markets in which it operates, and reflect the status of its operations, future strategic opportunities and contingent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

SEK million	Note	Q2 2013	Q2 2012	H1 2013	H1 2012	FY 2012
Mobile¹⁾						
Net customer intake (thousands)		455	966	768	1,341	2,492
Net sales		5,378	5,250	10,468	10,063	20,920
EBITDA		985	883	1,913	1,739	3,687
EBIT		452	198	842	391	1,173
CAPEX	6	618	645	2,475	1,150	2,570
Fixed broadband¹⁾						
Net customer intake (thousands)		-12	-7	-46	-29	-69
Net sales		1,244	1,432	2,559	2,894	5,566
EBITDA		283	329	590	690	1,357
EBIT		66	92	155	225	450
CAPEX		127	201	252	319	584
Fixed telephony¹⁾						
Net customer intake (thousands)		-113	-141	-181	-239	-541
Net sales		569	744	1,166	1,529	2,865
EBITDA		176	257	359	504	966
EBIT		152	233	313	452	857
CAPEX		16	11	28	21	45
Total						
Net customer intake (thousands)		330	818	541	1,073	1,882
Net sales		7,476	7,787	14,774	15,220	30,742
EBITDA		1,518	1,519	3,006	3,025	6,240
EBIT ²⁾	2	711	512	1,381	1,058	1,975
CAPEX	6	902	1,009	3,035	1,771	3,746
EBT		561	334	1,114	796	1,422
Net profit		327	213	680	477	976
Cash flow from operating activities, continued operations		1,361	1,155	2,136	2,186	4,967
Cash flow from operating activities, total operations		1,361	2,190	2,936	4,086	8,679
Cash flow after CAPEX, continued operations	6	456	239	-837	683	1,684
Cash flow after CAPEX, total operations		456	773	-430	1,839	4,070

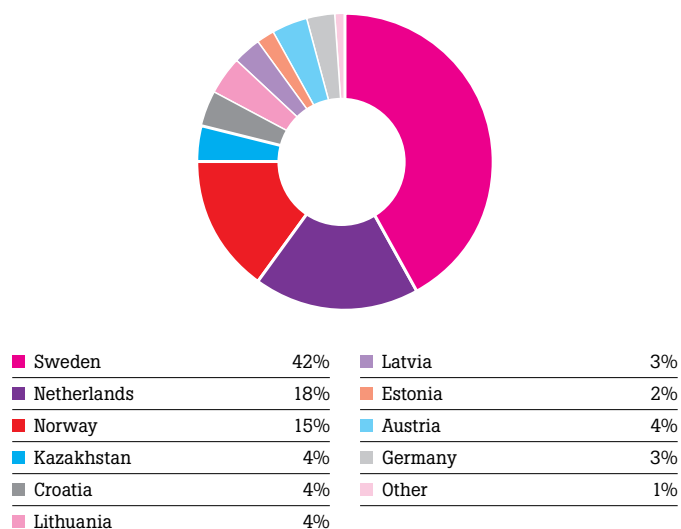
1) Excluding one-off items (see section EBIT on page 19).

2) Total EBIT includes result from sale of operations and other one-off items stated under the segment reporting section of EBIT (page 19).

Net sales per product area, Q2 2013



Net sales per country, Q2 2013



Overview by country

NET SALES LESS EXCHANGE RATE FLUCTUATIONS

	2013 Q2	2012 Q2*	Growth	2013 YTD	2012 YTD*	Growth
Sweden	3,139	3,209	-2%	6,219	6,280	-1%
Netherlands	1,349	1,291	4%	2,680	2,587	4%
Norway	1,052	1,155	-9%	2,102	2,268	-7%
Kazakhstan	333	212	57%	622	367	69%
Croatia	333	322	3%	629	578	9%
Lithuania	326	296	10%	619	574	8%
Latvia	219	245	-11%	455	473	-4%
Estonia	164	216	-24%	320	416	-23%
Austria	311	330	-6%	625	670	-7%
Germany	214	234	-9%	428	478	-10%
Other	36	85	-58%	75	186	-60%
	7,476	7,595	-2%	14,774	14,877	-1%
FX effects		192	-2%		343	-2%
Total	7,476	7,787	-4%	14,774	15,220	-3%

* Adjusted for fluctuations in exchange rates.

Sweden

Mobile In Q2 2013 mobile net sales amounted to SEK 2,539 (2,516) million, with a growth of 1 percent compared to the same period last year. The underlying mobile service revenue growth was 4 percent. Total customer base was 3,743,000 and the EBITDA contribution reached SEK 757 (637) million in the quarter (see Note 2).

The postpaid segment was characterized by slow customer movements and prices were stable during Q2 2013. Bucket price plans kept gaining ground in the market. During the quarter, the demand for handsets continued to drive the shift from prepaid to postpaid, although at a slower pace. The smartphone installed base in the postpaid segment reached 81 percent at the end of the quarter and the share of 4G enabled handsets sold was 84 percent.

In the quarter, the Comviq brand rolled out its distribution concept together with Reitan Convenience nationwide, which will enable sales to a wider audience. Tele2 Sweden also opened its 51st Tele2 Store, further strengthening the presence of the Tele2 brand in the Swedish market.

Tele2 Sweden finalized the base network roll-out of the combined 2G and 4G networks in the joint venture Net4Mobility, now covering 99 percent of the population, which is the most extensive 4G network in the country. As a result of the joint venture, Tele2 Sweden has improved its 2G coverage by increasing its amount of base stations by 20 percent, while future proofing customers' ever increasing demand for data through 4G. 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. Tele2 Sweden also increased the bandwidth of LTE900 from 5 MHz to 10 MHz across the country, resulting in a significant expansion of Tele2's network capacity.

In the business segment, Q2 2013 showed satisfactory revenue growth. In the large enterprise segment, stable market conditions resulted in low net intake. In the SME segment, Tele2 Sweden delivered increased revenue and profitability, driven by the successful launch of the company's mobile soft switch solution.

EBITDA LESS EXCHANGE RATE FLUCTUATIONS

	2013 Q2	2012 Q2*	Growth	2013 YTD	2012 YTD*	Growth
Sweden	856	766	12%	1,690	1,540	10%
Netherlands	321	378	-15%	638	771	-17%
Norway	44	89	-51%	83	114	-27%
Kazakhstan	-52	-97	46%	-97	-188	48%
Croatia	22	10	120%	25	17	47%
Lithuania	133	113	18%	250	229	9%
Latvia	69	87	-21%	148	171	-13%
Estonia	36	63	-43%	81	118	-31%
Austria	77	75	3%	166	154	8%
Germany	37	77	-52%	88	164	-46%
Other	-25	-70	64%	-66	-121	45%
	1,518	1,491	2%	3,006	2,969	1%
FX effects		28	-2%		56	-2%
Total	1,518	1,519	0%	3,006	3,025	-1%

Fixed broadband The fixed broadband customer base had a positive development in Q2 2013, driven by the fibre segment and increased interest in triple play offerings. The EBITDA contribution in the quarter was SEK 19 (12) million.

Fixed telephony The EBITDA contribution in the quarter amounted to SEK 62 (90) million. Tele2 Sweden saw, as expected, a continued decrease in demand for fixed telephony as a consequence of the increased demand for mobile bucket price plans.

The Netherlands

In Q2 2013, Tele2 was the fastest growing mobile operator, maintaining that position for the sixth quarter in a row. In the business segment Tele2 secured contracts with two distributors, enlarging its SME portfolio. The preparation for the network roll-out continued to be on track with staff expansion, vendor selection and site planning.

Mobile In Q2 2013, Tele2 Netherlands pursued its mobile growth with a net intake of 49,000 (32,000) customers, again outperforming the competition. Mobile net sales amounted to SEK 417 (213) million, growing with 96 percent compared to the same period last year. The underlying mobile service revenue growth was 81 percent.

The expansion of distribution has led to a market share growth in indirect sales channels from 8 percent in November 2012 to almost 28 percent at the end of Q2 2013. The Mobile Network Operator (MNO) project continued to be on track. In Q2 2013, Tele2 secured vendor contracts and recruited experts, which will make an important contribution to the roll-out of its competitive high quality 4G-only network.

Fixed broadband Tele2 kept protecting its DSL residential base while focusing on the expansion of its Fibre to the X (FttX) footprint, leveraging on the growing momentum of fibre-based services. In the SME segment Tele2 started its collaboration with two of the major Dutch distributors, opening the way to almost 700 local and regional resellers. Tele2 Business won major contracts in the healthcare and educational industry and will provide fixed telephony to all Dutch prisons.

Norway

Mobile Tele2 Norway had a net intake of 22,000 (23,000), leading to a total customer base of 1,121,000 in the quarter. In Q2 2013, the mobile customer stock was negatively impacted by a one-time adjustment of –33,000 customers as a result of a changed method of calculation for number of customers (see Note 1). The change has no impact on revenue.

In Q2 2013, Tele2 Norway reported net sales of SEK 989 (1,137) million. The decrease was mainly due to the reduction of termination rates affecting net sales negatively with SEK 182 million. However, the underlying mobile service revenue was 13 percent in the quarter.

In the residential market, continued sales campaigns focused on smartphones bundled with fixed fee subscriptions. In May 2013, Tele2 and One Call, as well as all main competitors, launched 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 73 percent of Tele2’s and One Call’s customers had fixed fee subscriptions.

Tele2 Norway reached an EBITDA contribution of SEK 35 (81) million in Q2 2013, equalling an EBITDA margin of 4 (7) percent in Q2 2013. More traffic volume moved to Tele2’s own network during the quarter, but Tele2 Norway still experienced margin squeeze due to the incumbent’s national roaming tariffs and consequently put forward a claim to the competition authorities to improve regulations of wholesale prices.

In May 2013, Tele2 opened its first Tele2 store in Norway, and two more stores opened in June. So far, the launch proved to be a success and exceeded expectations regarding sales figures, customer intake and customers satisfaction.

In Q2 2013, there were no signs of delay for the upcoming national auction for the 800-, 900- and 1,800 MHz spectrum, and the auction is assumed to take place in the beginning of December 2013.

The network roll-out is on track with strong focus on capacity and coverage in cities and urban areas. A contract with Ericsson was signed in Q2 2013 for the roll-out of LTE/4G.

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Fixed telephony Fixed telephony showed a stable development of net sales and profitability during Q2 2013. Fixed telephony had an EBITDA contribution of SEK 9 (11) million in the quarter. Tele2 Norway reported an EBITDA margin of 14 (16) percent in Q2 2013.

Kazakhstan

Mobile Tele2 Kazakhstan had a net intake of 309,000 (759,000), leading to a total customer base of 3,162,000 in the quarter. In Q2 2013, the mobile customer stock was negatively impacted by a one-time adjustment of –811,000 customers as a result of a changed method of calculation for number of customers (see Note 1). The change has no impact on revenue.

Net sales amounted to SEK 333 (228) million, growing with 46 percent compared to the same period last year and the underlying mobile service revenue was 64 percent in the quarter.

The gross margin development saw a strong improvement in Q2 2013 compared to the same period last year, thanks to a better interconnect environment. The company will continue to work towards getting more competitive interconnect levels in the country to lay the foundation for even more attractively priced offerings in the market.

In Kazakhstan, the roll-out of Tele2’s network accelerated to meet customers’ increasing demand for data. During the quarter the number of existing base stations increased by more than 200. Tele2 Kazakhstan focused on expanding network coverage and improving network quality in all regions of the country. The construction of optical fiber networks in major cities continued together with the installation of filters meant to enhance service quality. Tele2 Kazakhstan’s goal for 2013 is to have a geographic coverage comparable to that of its competitors.

Additionally, Tele2 Kazakhstan launched 11 new stores in Q2 2013 providing a full range of services to its customers.

Croatia

Mobile Tele2 Croatia continued to strengthen its position as the best value operator in the Croatian market during Q2 2013. The company kept working on improving profitability and increasing market share. Tele2 Croatia delivered further growth in the prepaid segment during the quarter, driven by the prepaid brand and a product re-launch at the end of Q1 2013 as well as a good start of the tourist season. The postpaid segment continued to grow and the increased focus on churn management yielded good initial results.

Focused activities to improve the brand perception and better churn management led to improved EBITDA in Q2 2013. The customer base grew by 13,000 (43,000) in the quarter.

Net sales amounted to SEK 333 (337) million, showing stable development compared to the same period last year.

Lithuania

Mobile Tele2 Lithuania showed strong financial performance during Q2 2013. Thanks to successful sales and marketing activities, Tele2 Lithuania further strengthened its market leadership position by adding 16,000 (20,000) new customers during the quarter, handling the prepaid to postpaid migration efficiently.

Net sales increased by 6 percent to SEK 326 (308) 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 Q2 2013, Tele2 Lithuania had a healthy EBITDA margin of 41 (38) percent, as a result of successful acquisition and retention management, leading to low churn rates.

The company was successful in improving customer satisfaction, reaching a score of 83 percent in June 2013.

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

Tele2 successfully upgraded 47 percent of its network through a network swap of old equipment. The rest of the network will be upgraded by the end of Q1 2014. The upgrade will enable Tele2 to provide all possible network services including 2G, 3G and 4G.

Latvia

Mobile Tele2 Latvia continued to show strong profitability and financial performance while steadily increasing its customer base in a very competitive environment. As a result, net intake amounted to 11,000 (11,000), However, net sales in the quarter was SEK 219 (256) million negatively impacted by lowered interconnect and tougher competition.

The company focused on infrastructure development projects and launched new propositions in the market, such as new tariff plans and phone insurance services that were appreciated by customers. At the same time, Tele2 Latvia continued to carry out intense marketing campaigns strengthening the position as the best deal provider in Latvia. Furthermore, Tele2 was recognized as the provider of the fastest mobile internet in the country according to a survey conducted by the national regulatory agency.

Tele2 Latvia will continue to strengthen its operational efficiency through stringent cost consciousness and keep its active position in the market by developing new revenue streams, improving customer satisfaction and further developing infrastructure in terms of coverage, capacity and data capabilities through a network upgrade.

Estonia

Mobile In Q2 2013, the mobile market saw an accelerated shift from voice to data. Tele2 Estonia will capitalise on this shift by introducing more attractive pricing for data services. During the quarter, the Regulator announced an auction for three licenses in the 800 MHz bandwidth, which Tele2 Estonia will take part in.

An intensified competitive environment contributed to pushing prices for the services down during the quarter, which usage growth did not fully compensate for. This negative trend combined with decreased interconnect rates led to negative revenue and margin development.

Tele2 Estonia finalized its core network upgrade in Q2 2013 and will continue to upgrade its radio network in order to enhance its efficiency and quality of services level.

Austria

In Q2 2013, Tele2 Austria demonstrated steady financial performance in all segments and placed particular emphasis on cost control, especially in the business segment. Tele2 Austria made significant progress in improving customer satisfaction by delivering an average result of 82 percent in the quarter.

Fixed broadband Tele2 ran several retention and upselling campaigns successfully in Q2 2013, securing both its customer base and total revenue. VDSL was implemented in all systems and initial market testing showed promising results.

Fixed telephony Successful up- and cross- selling campaigns drove better performance in the quarter, supported by a positive trend in minutes of use.

Germany

In Q2 2013, Tele2 Germany demonstrated solid financial performance primarily driven by the more mature fixed and broadband segments. The mobile segment continued to grow along expectations due to an increased shift towards the acquisition of new customers. The mobile product portfolio was improved through the launch of new mobile products that address the still large segment of voice-only users as well as the growing segment of smartphone users.

Mobile The mobile segment continued to grow at a stable run rate and showed two current positive trends. The first was an accelerated shift from pure fixed telephony via mobile to fixed telephony and broadband via mobile products. The second was the increasing intake share of customers driven by a new mobile initiative launched during the quarter addressing voice only users. The addressable market amounts to 40 million people.

Net sales grew by 68 percent to SEK 74 (44) million. EBITDA amounted to SEK -5 (7) million, impacted by marketing expenses from the launch of the new mobile initiative.

Fixed broadband The fixed broadband segment achieved a better-than-planned customer base development based on successful customer base management campaigns. The financial results continued to remain above expectations, mainly driven by the solid profitability of the ADSL wholesale customers.

Fixed telephony Although the general decline of the fixed market in Germany persisted during the quarter, the cash flow contribution from fixed telephony was maintained at a high level. The trend of fixed telephony customers migrating to higher ARPU fixed via mobile products also continued throughout the quarter.

Other Items

Risks and uncertainty factors

Tele2's operations are affected by a number of external factors. The risk factors considered to be most significant to Tele2's future development are operating risks, such as the availability of frequencies and telecom licences, operations in Kazakhstan, network sharing with other parties, integration of new business models, destructive price competition, changes in regulatory legislation, and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in Tele2's annual report for 2012 (see Directors' report and Note 2 of the report for a detailed description of Tele2's risk exposure and risk management), no additional significant risks are estimated to have developed.

COMPANY DISCLOSURE

Other

Tele2 will release the financial and operating results for the period ending September 30, 2013 on October 22, 2013.

The Board of Directors and CEO declare that the six-month interim report provides a fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, July 18, 2013

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 interim report for Tele2 AB (publ.) for the period January 1–June 30, 2013. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of 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 interim 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, July 18, 2013

Deloitte AB

Thomas Strömberg

Authorized Public Accountant

Q2 2013 PRESENTATION

Tele2 will host a presentation - with the possibility to join through a conference call - for the global financial community at 10:30 am CEST (09:30 am BST/04:30 am EDT) on Thursday, July 18, 2013. The presentation will be held in English and also made available as an audiocast on Tele2's dedicated Q2 2013 website, <http://reports.tele2.com/2013/Q2>.

Venue

Royal Coin Cabinet, Slottsbacken 6, Stockholm

Dial-in information

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the conference call to register your attendance.

Dial-in numbers

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UK: +44 203 364 5374

US: +1 855 753 2230

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VISIT OUR WEBSITE: www.tele2.com

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

We have 15 million customers in 10 countries. Tele2 offers mobile services, fixed broadband and fixed telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2012, we had net sales of SEK 31 billion and reported an operating profit (EBITDA) of SEK 6 billion.

Income statement

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2012 Q2
CONTINUING OPERATIONS						
Net sales		14,774	15,220	30,742	7,476	7,787
Cost of services sold	2	-8,946	-9,523	-19,159	-4,499	-4,884
Gross profit		5,828	5,697	11,583	2,977	2,903
Selling expenses	2	-3,213	-3,312	-6,554	-1,632	-1,725
Administrative expenses	2	-1,284	-1,399	-3,144	-663	-698
Result from shares in associated companies		-11	1	-7	-4	2
Other operating income		103	110	190	56	59
Other operating expenses		-42	-39	-93	-23	-29
Operating profit, EBIT		1,381	1,058	1,975	711	512
Interest income/costs	3	-178	-244	-494	-48	-148
Other financial items	4	-89	-18	-59	-102	-30
Profit after financial items, EBT		1,114	796	1,422	561	334
Income tax	5	-434	-319	-446	-234	-121
NET PROFIT FROM CONTINUING OPERATIONS		680	477	976	327	213
DISCONTINUED OPERATIONS						
Net profit from discontinued operations	10	13,912	1,242	2,288	13,256	637
NET PROFIT		14,592	1,719	3,264	13,583	850
ATTRIBUTABLE TO						
Equity holders of the parent company		14,592	1,719	3,264	13,583	850
Earnings per share (SEK)	9	32.79	3.87	7.34	30.52	1.91
Earnings per share, after dilution (SEK)	9	32.59	3.85	7.30	30.34	1.90
FROM CONTINUING OPERATIONS						
ATTRIBUTABLE TO						
Equity holders of the parent company		680	477	976	327	213
Earnings per share (SEK)	9	1.52	1.07	2.20	0.73	0.48
Earnings per share, after dilution (SEK)	9	1.52	1.07	2.18	0.73	0.48

Comprehensive income

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2012 Q2
Net profit		14,592	1,719	3,264	13,583	850
OTHER COMPREHENSIVE INCOME						
Components not to be reclassified to net profit						
Pensions, actuarial gains/losses		–	–	–49	–	–
Pensions, actuarial gains/losses, tax effect		–	–	8	–	–
Total components not to be reclassified to net profit		–	–	–41	–	–
Components that may be reclassified to net profit						
Exchange rate differences		175	–97	–358	711	–144
Exchange rate differences, tax effect	5	–74	–364	1,857	1	–219
Reversed cumulative exchange rate differences from divested companies	10	1,734	16	16	1,733	16
Cash flow hedges		84	19	–37	116	–27
Cash flow hedges, tax effect		–18	–5	1	–25	7
Total components that may be reclassified to net profit		1,901	–431	1,479	2,536	–367
Other comprehensive income for the period, net of tax		1,901	–431	1,438	2,536	–367
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		16,493	1,288	4,702	16,119	483
ATTRIBUTABLE TO						
Equity holders of the parent company		16,493	1,288	4,702	16,119	483

Change in equity

SEK million	Note	Jun 30, 2013			Jun 30, 2012			Dec 31, 2012		
		Attributable to		Total equity	Attributable to		Total equity	Attributable to		Total equity
		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests	
Equity, January 1		20,426	3	20,429	21,449	3	21,452	21,449	3	21,452
Net profit for the period		14,592	–	14,592	1,719	–	1,719	3,264	–	3,264
Other comprehensive income for the period, net of tax		1,901	–	1,901	–431	–	–431	1,438	–	1,438
Total comprehensive income for the period		16,493	–	16,493	1,288	–	1,288	4,702	–	4,702
Other changes in equity										
Share-based payments	9	1	–	1	21	–	21	50	–	50
Share-based payments, tax effect	9	8	–	8	–	–	–	–	–	–
Sale of own shares	9	–	–	–	6	–	6	6	–	6
Dividends	9	–3,163	–	–3,163	–5,781	–	–5,781	–5,781	–	–5,781
Redemption of shares	9	–12,474	–	–12,474	–	–	–	–	–	–
Purchase of non-controlling interests	9	–	–1	–1	–	–	–	–	–	–
EQUITY, END OF PERIOD		21,291	2	21,293	16,983	3	16,986	20,426	3	20,429

Balance sheet

SEK million	Note	Jun 30, 2013	Jun 30, 2012	Dec 31, 2012
ASSETS				
NON-CURRENT ASSETS				
Goodwill	2	9,462	10,433	10,174
Other intangible assets	2	5,339	5,583	5,540
Intangible assets		14,801	16,016	15,714
Tangible assets	2	11,904	18,072	18,079
Financial assets	3	103	93	105
Deferred tax assets	5	3,239	2,509	4,263
NON-CURRENT ASSETS		30,047	36,690	38,161
CURRENT ASSETS				
Inventories		410	546	473
Current receivables		8,345	8,726	8,823
Short-term investments		52	58	59
Cash and cash equivalents	8	740	1,147	1,673
CURRENT ASSETS		9,547	10,477	11,028
ASSETS		39,594	47,167	49,189
EQUITY AND LIABILITIES				
EQUITY				
Attributable to equity holders of the parent company		21,291	16,983	20,426
Non-controlling interests		2	3	3
EQUITY	9	21,293	16,986	20,429
LONG-TERM LIABILITIES				
Interest-bearing liabilities	3	6,222	11,050	13,240
Non-interest-bearing liabilities	5	591	1,331	933
LONG-TERM LIABILITIES		6,813	12,381	14,173
SHORT-TERM LIABILITIES				
Interest-bearing liabilities	3	3,463	7,802	4,272
Non-interest-bearing liabilities		8,025	9,998	10,315
SHORT-TERM LIABILITIES		11,488	17,800	14,587
EQUITY AND LIABILITIES		39,594	47,167	49,189

Cash flow statement

(Total operations)

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
OPERATING ACTIVITIES										
Operating profit	2	15,505	2,812	5,653	13,926	1,579	1,524	1,317	1,429	1,383
Adjustments for non-cash items in operating profit		-11,318	2,503	5,071	-12,426	1,108	1,154	1,414	1,300	1,203
Financial items paid		-182	-229	-598	-69	-113	-363	-6	-170	-59
Taxes paid		-339	-314	-989	-7	-332	-497	-178	-112	-202
Cash flow from operations before changes in working capital		3,666	4,772	9,137	1,424	2,242	1,818	2,547	2,447	2,325
Changes in working capital		-730	-686	-458	-63	-667	-3	231	-257	-429
CASH FLOW FROM OPERATING ACTIVITIES		2,936	4,086	8,679	1,361	1,575	1,815	2,778	2,190	1,896
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX	6	-3,366	-2,247	-4,609	-905	-2,461	-1,286	-1,076	-1,417	-830
Cash flow after CAPEX		-430	1,839	4,070	456	-886	529	1,702	773	1,066
Acquisition and sale of shares and participations	10	17,284	-231	-246	17,392	-108	-16	1	-7	-224
Other financial assets		12	28	31	8	4	1	2	2	26
Cash flow from investing activities		13,930	-2,450	-4,824	16,495	-2,565	-1,301	-1,073	-1,422	-1,028
CASH FLOW AFTER INVESTING ACTIVITIES		16,866	1,636	3,855	17,856	-990	514	1,705	768	868
FINANCING ACTIVITIES										
Change of loans, net	3	-2,105	4,243	2,498	-1,876	-229	511	-2,256	5,594	-1,351
Dividends	9	-3,163	-5,781	-5,781	-3,163	-	-	-	-5,781	-
Redemption of shares	9	-12,474	-	-	-12,474	-	-	-	-	-
Other financing activities	9	-94	6	6	-	-94	-	-	2	4
Cash flow from financing activities		-17,836	-1,532	-3,277	-17,513	-323	511	-2,256	-185	-1,347
NET CHANGE IN CASH AND CASH EQUIVALENTS		-970	104	578	343	-1,313	1,025	-551	583	-479
Cash and cash equivalents at beginning of period		1,673	1,026	1,026	386	1,673	632	1,147	546	1,026
Exchange rate differences in cash and cash equivalents		37	17	69	11	26	16	36	18	-1
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	740	1,147	1,673	740	386	1,673	632	1,147	546

Number of customers

by thousands	Note	Number of customers		Net intake								
		2013 Jun 30	2012 Jun 30	2013 Jan 1– Jun 30	2012 Jan 1– Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sweden												
Mobile		3,743	3,761	-14	37	33	20	-34	-38	34	58	-21
Fixed broadband		474	483	-10	9	10	3	-13	-2	3	4	5
Fixed telephony	1	304	481	-37	-63	-203	-16	-21	-113	-27	-29	-34
		4,521	4,725	-61	-17	-160	7	-68	-153	10	33	-50
Netherlands												
Mobile		584	372	106	45	151	49	57	55	51	32	13
Fixed broadband		397	451	-24	-24	-54	-10	-14	-17	-13	-6	-18
Fixed telephony		120	157	-21	-25	-41	-10	-11	-8	-8	-12	-13
		1,101	980	61	-4	56	29	32	30	30	14	-18
Norway												
Mobile	1	1,121	1,105	18	39	70	22	-4	15	16	23	16
Fixed telephony		73	86	-8	-6	-11	-4	-4	-3	-2	-3	-3
		1,194	1,191	10	33	59	18	-8	12	14	20	13
Kazakhstan												
Mobile	1	3,162	2,462	561	1,091	2,041	309	252	361	589	759	332
		3,162	2,462	561	1,091	2,041	309	252	361	589	759	332
Croatia												
Mobile		789	765	35	55	44	13	22	-44	33	43	12
		789	765	35	55	44	13	22	-44	33	43	12
Lithuania												
Mobile		1,811	1,750	28	29	62	16	12	-5	38	20	9
Fixed telephony		-	2	-	-	-2	-	-	-	-2	-	-
		1,811	1,752	28	29	60	16	12	-5	36	20	9
Latvia												
Mobile		1,051	1,021	8	2	24	11	-3	1	21	11	-9
		1,051	1,021	8	2	24	11	-3	1	21	11	-9
Estonia												
Mobile		507	509	1	5	2	2	-1	-14	11	3	2
Fixed telephony		4	5	-1	-3	-3	-1	-	-	-	-1	-2
		511	514	-	2	-1	1	-1	-14	11	2	-
Austria												
Fixed broadband		122	130	-5	-4	-7	-2	-3	-2	-1	-2	-2
Fixed telephony		178	203	-13	-28	-40	-6	-7	-5	-7	-9	-19
		300	333	-18	-32	-47	-8	-10	-7	-8	-11	-21
Germany												
Mobile		135	83	25	38	65	13	12	13	14	17	21
Fixed broadband		75	90	-7	-10	-18	-3	-4	-3	-5	-3	-7
Fixed telephony		493	721	-101	-114	-241	-76	-25	-73	-54	-87	-27
		703	894	-83	-86	-194	-66	-17	-63	-45	-73	-13
TOTAL												
Mobile		12,903	11,828	768	1,341	2,492	455	313	344	807	966	375
Fixed broadband		1,068	1,154	-46	-29	-69	-12	-34	-24	-16	-7	-22
Fixed telephony		1,172	1,655	-181	-239	-541	-113	-68	-202	-100	-141	-98
TOTAL NUMBER OF CUSTOMERS AND NET INTAKE												
		15,143	14,637	541	1,073	1,882	330	211	118	691	818	255
Acquired companies	10			-	14	14	-	-	-	-	-	14
Changed method of calculation	1			-844	-	-	-844	-	-	-	-	-
TOTAL NUMBER OF CUSTOMERS AND NET CHANGE												
		15,143	14,637	-303	1,087	1,896	-514	211	118	691	818	269

Net sales

SEK million	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sweden									
Mobile	4,977	4,895	10,002	2,540	2,437	2,585	2,522	2,516	2,379
Fixed broadband	732	730	1,440	349	383	351	359	365	365
Fixed telephony	450	599	1,141	218	232	261	281	295	304
Other operations	64	59	120	33	31	34	27	33	26
	6,223	6,283	12,703	3,140	3,083	3,231	3,189	3,209	3,074
Netherlands									
Mobile	772	398	920	417	355	288	234	213	185
Fixed broadband	1,335	1,603	3,043	650	685	731	709	790	813
Fixed telephony	285	353	662	142	143	158	151	173	180
Other operations	289	341	644	141	148	153	150	169	172
	2,681	2,695	5,269	1,350	1,331	1,330	1,244	1,345	1,350
Norway									
Mobile	1,971	2,197	4,467	989	982	1,153	1,117	1,137	1,060
Fixed broadband	–	3	4	–	–	–	1	2	1
Fixed telephony	137	165	316	67	70	76	75	81	84
Other operations	2	–	–	–	2	–	–	–	–
	2,110	2,365	4,787	1,056	1,054	1,229	1,193	1,220	1,145
Kazakhstan									
Mobile	622	393	957	333	289	294	270	228	165
	622	393	957	333	289	294	270	228	165
Croatia									
Mobile	629	604	1,321	333	296	360	357	337	267
	629	604	1,321	333	296	360	357	337	267
Lithuania									
Mobile	624	601	1,213	329	295	306	306	310	291
	624	601	1,213	329	295	306	306	310	291
Latvia									
Mobile	459	498	1,044	221	238	281	265	258	240
	459	498	1,044	221	238	281	265	258	240
Estonia									
Mobile	287	407	825	148	139	211	207	211	196
Fixed telephony	5	4	7	2	3	2	1	2	2
Other operations	28	22	54	14	14	15	17	12	10
	320	433	886	164	156	228	225	225	208
Austria									
Fixed broadband	404	449	874	202	202	216	209	222	227
Fixed telephony	97	121	228	47	50	55	52	58	63
Other operations	124	127	251	62	62	63	61	63	64
	625	697	1,353	311	314	334	322	343	354
Germany									
Mobile	140	80	192	74	66	60	52	44	36
Fixed broadband	88	109	205	43	45	48	48	53	56
Fixed telephony	200	309	549	97	103	117	123	147	162
	428	498	946	214	214	225	223	244	254
Other									
Other operations	75	186	324	36	39	68	70	85	101
	75	186	324	36	39	68	70	85	101
TOTAL									
Mobile	10,481	10,073	20,941	5,384	5,097	5,538	5,330	5,254	4,819
Fixed broadband	2,559	2,894	5,566	1,244	1,315	1,346	1,326	1,432	1,462
Fixed telephony	1,174	1,551	2,903	573	601	669	683	756	795
Other operations	582	735	1,393	286	296	333	325	362	373
	14,796	15,253	30,803	7,487	7,309	7,886	7,664	7,804	7,449
Internal sales, elimination	–22	–33	–61	–11	–11	–13	–15	–17	–16
TOTAL	14,774	15,220	30,742	7,476	7,298	7,873	7,649	7,787	7,433

Internal sales

SEK million	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sweden									
Mobile	4	3	5	1	3	2	–	–	3
	4	3	5	1	3	2	–	–	3
Netherlands									
Other operations	1	1	2	1	–	–	1	1	–
	1	1	2	1	–	–	1	1	–
Norway									
Fixed telephony	8	22	38	4	4	7	9	12	10
	8	22	38	4	4	7	9	12	10
Lithuania									
Mobile	5	3	8	3	2	2	3	2	1
	5	3	8	3	2	2	3	2	1
Latvia									
Mobile	4	4	8	2	2	2	2	2	2
	4	4	8	2	2	2	2	2	2
TOTAL									
Mobile	13	10	21	6	7	6	5	4	6
Fixed telephony	8	22	38	4	4	7	9	12	10
Other operations	1	1	2	1	–	–	1	1	–
TOTAL	22	33	61	11	11	13	15	17	16

EBITDA

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sweden										
Mobile	2	1,489	1,293	2,869	757	732	748	828	637	656
Fixed broadband	2	39	44	93	19	20	14	35	12	32
Fixed telephony	2	127	166	327	62	65	72	89	90	76
Other operations		35	37	76	18	17	25	14	27	10
		1,690	1,540	3,365	856	834	859	966	766	774
Netherlands										
Mobile		-24	-11	-34	-2	-22	-28	5	-11	-
Fixed broadband		445	538	1,040	216	229	254	248	265	273
Fixed telephony		72	117	235	38	34	58	60	59	58
Other operations		145	158	308	69	76	77	73	80	78
		638	802	1,549	321	317	361	386	393	409
Norway										
Mobile		62	96	169	35	27	-28	101	81	15
Fixed broadband		-	1	1	-	-	-	-	1	-
Fixed telephony		19	21	44	9	10	12	11	11	10
Other operations		2	-	-	-	2	-	-	-	-
		83	118	214	44	39	-16	112	93	25
Kazakhstan										
Mobile		-97	-202	-387	-52	-45	-83	-102	-105	-97
		-97	-202	-387	-52	-45	-83	-102	-105	-97
Croatia										
Mobile		25	17	60	22	3	9	34	10	7
		25	17	60	22	3	9	34	10	7
Lithuania										
Mobile		250	239	432	133	117	87	106	118	121
		250	239	432	133	117	87	106	118	121
Latvia										
Mobile		148	179	358	69	79	89	90	91	88
		148	179	358	69	79	89	90	91	88
Estonia										
Mobile		63	109	205	28	35	45	51	55	54
Fixed telephony		2	-	-	2	-	-	-	-	-
Other operations		16	13	31	6	10	9	9	10	3
		81	122	236	36	45	54	60	65	57
Austria										
Fixed broadband		99	91	197	45	54	48	58	43	48
Fixed telephony		55	64	123	26	29	28	31	32	32
Other operations		12	5	13	6	6	2	6	3	2
		166	160	333	77	89	78	95	78	82
Germany										
Mobile		-3	19	15	-5	2	-6	2	7	12
Fixed broadband		7	16	26	3	4	5	5	8	8
Fixed telephony		84	136	237	39	45	42	59	65	71
		88	171	278	37	51	41	66	80	91
Other										
Other operations		-66	-121	-198	-25	-41	-35	-42	-70	-51
		-66	-121	-198	-25	-41	-35	-42	-70	-51
TOTAL										
Mobile		1,913	1,739	3,687	985	928	833	1,115	883	856
Fixed broadband		590	690	1,357	283	307	321	346	329	361
Fixed telephony		359	504	966	176	183	212	250	257	247
Other operations		144	92	230	74	70	78	60	50	42
TOTAL		3,006	3,025	6,240	1,518	1,488	1,444	1,771	1,519	1,506

EBIT

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sweden										
Mobile	2	990	672	1,780	508	482	512	596	320	352
Fixed broadband	2	-117	-110	-219	-59	-58	-66	-43	-67	-43
Fixed telephony	2	112	146	288	54	58	63	79	80	66
Other operations		10	15	32	6	4	14	3	15	-
		995	723	1,881	509	486	523	635	348	375
Netherlands										
Mobile		-40	-26	-64	-11	-29	-36	-2	-15	-11
Fixed broadband		207	282	545	97	110	133	130	133	149
Fixed telephony		64	108	219	34	30	55	56	55	53
Other operations		111	121	237	52	59	60	56	61	60
		342	485	937	172	170	212	240	234	251
Norway										
Mobile		-152	-114	-253	-72	-80	-137	-2	-25	-89
Fixed broadband		-	1	1	-	-	-	-	1	-
Fixed telephony		17	19	39	8	9	10	10	10	9
Other operations		2	-	-	-	2	-	-	-	-
		-133	-94	-213	-64	-69	-127	8	-14	-80
Kazakhstan										
Mobile		-202	-366	-691	-106	-96	-135	-190	-189	-177
		-202	-366	-691	-106	-96	-135	-190	-189	-177
Croatia										
Mobile		-31	-45	-65	-6	-25	-20	-	-22	-23
		-31	-45	-65	-6	-25	-20	-	-22	-23
Lithuania										
Mobile		189	154	259	102	87	42	63	76	78
		189	154	259	102	87	42	63	76	78
Latvia										
Mobile		84	62	142	43	41	45	35	30	32
		84	62	142	43	41	45	35	30	32
Estonia										
Mobile		18	44	67	5	13	5	18	21	23
Fixed telephony		1	-	-	1	-	-	-	-	-
Other operations		10	8	19	4	6	5	6	6	2
		29	52	86	10	19	10	24	27	25
Austria										
Fixed broadband		62	43	109	27	35	27	39	20	23
Fixed telephony		40	48	86	19	21	17	21	25	23
Other operations		2	-5	-8	1	1	-3	-	-2	-3
		104	86	187	47	57	41	60	43	43
Germany										
Mobile		-14	10	-2	-11	-3	-11	-1	2	8
Fixed broadband		3	9	14	1	2	2	3	5	4
Fixed telephony		79	131	225	36	43	39	55	63	68
		68	150	237	26	42	30	57	70	80
Other										
Other operations		-69	-132	-227	-25	-44	-42	-53	-73	-59
		-69	-132	-227	-25	-44	-42	-53	-73	-59
TOTAL										
Mobile		842	391	1,173	452	390	265	517	198	193
Fixed broadband		155	225	450	66	89	96	129	92	133
Fixed telephony		313	452	857	152	161	184	221	233	219
Other operations		66	7	53	38	28	34	12	7	-
		1,376	1,075	2,533	708	668	579	879	530	545
One-off items		5	-17	-558	3	2	-3	-538	-18	1
TOTAL		1,381	1,058	1,975	711	670	576	341	512	546

EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
EBITDA		3,006	3,025	6,240	1,518	1,488	1,444	1,771	1,519	1,506
Impairment of goodwill and other assets	2	–	–	–249	–	–	1	–250	–	–
Sale of operations		5	–15	–13	3	2	2	–	–16	1
Acquisition costs	10	–	–2	–2	–	–	–	–	–2	–
Other one-off items	2	–	–	–294	–	–	–6	–288	–	–
Total one-off items		5	–17	–558	3	2	–3	–538	–18	1
Depreciation/amortization and other impairment		–1,619	–1,951	–3,700	–806	–813	–861	–888	–991	–960
Result from shares in associated companies		–11	1	–7	–4	–7	–4	–4	2	–1
EBIT		1,381	1,058	1,975	711	670	576	341	512	546

CAPEX

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Sweden										
Mobile		396	459	907	211	185	271	177	236	223
Fixed broadband		88	116	206	36	52	46	44	87	29
Fixed telephony		3	3	5	2	1	1	1	1	2
Other operations		12	20	33	5	7	9	4	14	6
		499	598	1,151	254	245	327	226	338	260
Netherlands										
Mobile	6	1,382	5	32	11	1,371	22	5	3	2
Fixed broadband		147	187	333	80	67	70	76	105	82
Fixed telephony		5	2	11	2	3	7	2	–	2
Other operations		12	12	27	6	6	9	6	6	6
		1,546	206	403	99	1,447	108	89	114	92
Norway										
Mobile		308	275	572	158	150	165	132	176	99
Fixed telephony		7	7	6	5	2	–2	1	5	2
		315	282	578	163	152	163	133	181	101
Kazakhstan										
Mobile		252	278	749	164	88	233	238	158	120
		252	278	749	164	88	233	238	158	120
Croatia										
Mobile		21	11	54	17	4	26	17	6	5
		21	11	54	17	4	26	17	6	5
Lithuania										
Mobile		51	40	82	22	29	20	22	24	16
		51	40	82	22	29	20	22	24	16
Latvia										
Mobile		31	32	77	18	13	33	12	14	18
		31	32	77	18	13	33	12	14	18
Estonia										
Mobile		21	35	71	11	10	31	5	22	13
Other operations		1	2	8	1	–	5	1	2	–
		22	37	79	12	10	36	6	24	13
Austria										
Fixed broadband		15	15	43	9	6	18	10	8	7
Fixed telephony		13	8	22	7	6	8	6	5	3
Other operations		5	4	14	3	2	6	4	2	2
		33	27	79	19	14	32	20	15	12
Germany										
Mobile		13	15	26	6	7	9	2	6	9
Fixed broadband		2	1	2	2	–	1	–	1	–
Fixed telephony		–	1	1	–	–	–	–	–	1
		15	17	29	8	7	10	2	7	10
Other										
Other operations		250	243	465	126	124	119	103	128	115
		250	243	465	126	124	119	103	128	115
TOTAL										
Mobile		2,475	1,150	2,570	618	1,857	810	610	645	505
Fixed broadband		252	319	584	127	125	135	130	201	118
Fixed telephony		28	21	45	16	12	14	10	11	10
Other operations		280	281	547	141	139	148	118	152	129
TOTAL		3,035	1,771	3,746	902	2,133	1,107	868	1,009	762

CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION								
	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
CAPEX, continuing operations	-3,035	-1,771	-3,746	-902	-2,133	-1,107	-868	-1,009	-762
CAPEX, discontinued operations	-365	-858	-1,590	-	-365	-371	-361	-577	-281
This year's unpaid CAPEX and paid CAPEX from previous year	-40	348	518	-20	-20	173	-3	155	193
Received payment of sold non-current assets	74	34	209	17	57	19	156	14	20
Paid CAPEX	-3,366	-2,247	-4,609	-905	-2,461	-1,286	-1,076	-1,417	-830

Key ratios

SEK million	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012	2011	2010	2009
CONTINUING OPERATIONS						
Net sales	14,774	15,220	30,742	29,538	30,443	32,296
Number of customers (by thousands)	15,143	14,637	15,446	13,550	12,445	12,128
EBITDA	3,006	3,025	6,240	6,760	7,083	7,154
EBIT	1,381	1,058	1,975	3,634	4,257	3,961
EBT	1,114	796	1,422	3,681	3,855	3,707
Net profit	680	477	976	2,741	4,121	3,446
Key ratios						
EBITDA margin, %	20.3	19.9	20.3	22.9	23.7	22.2
EBIT margin, %	9.3	7.0	6.4	12.3	14.0	12.3
Value per share (SEK)						
Net profit	1.52	1.07	2.20	4.63	9.34	7.21
Net profit after dilution	1.52	1.07	2.18	4.60	9.30	7.20
TOTAL						
Equity	21,293	16,986	20,429	21,452	28,875	28,823
Equity after dilution	21,293	16,986	20,429	21,455	28,894	28,823
Total assets	39,594	47,167	49,189	46,864	42,085	43,005
Cash flow from operating activities	2,936	4,086	8,679	9,690	9,966	9,427
Cash flow after CAPEX	-430	1,839	4,070	4,118	6,008	4,635
Available liquidity	12,033	12,945	12,933	9,986	13,254	12,520
Net debt	8,879	17,611	15,745	13,518	3,417	4,013
Investments in intangible and tangible assets, CAPEX	3,400	2,629	5,336	6,105	4,095	4,891
Investments in shares, short-term investments etc	-17,296	203	215	1,563	1,424	-3,709
Key ratios						
Equity/assets ratio, %	54	36	42	46	69	67
Debt/equity ratio, multiple	0.42	1.04	0.77	0.63	0.12	0.14
Return on equity, %	73.2	17.9	15.6	18.9	24.0	16.3
Return on equity after dilution, %	73.2	17.9	15.6	18.9	24.0	16.3
Return on capital employed, %	49.9	15.7	15.3	20.4	22.2	16.7
Average interest rate, %	4.8	7.0	6.7	6.2	7.3	5.9
Value per share (SEK)						
Net profit	32.79	3.87	7.34	10.69	15.67	10.57
Net profit after dilution	32.59	3.85	7.30	10.63	15.61	10.55
Equity	47.85	38.22	45.95	48.33	65.44	65.31
Equity after dilution	47.55	38.03	45.68	48.09	65.23	65.18
Cash flow from operating activities	6.60	9.20	19.53	21.83	22.59	21.41
Dividend, ordinary	-	-	7.10	6.50	6.00	3.85
Extraordinary dividend	-	-	-	6.50	21.00	2.00
Redemption	28.00	-	-	-	-	-
Market price at closing day	78.75	106.80	117.10	133.90	139.60	110.20

Parent company

INCOME STATEMENT

SEK million	Note	2013 Jan 1–Jun 30	2012 Jan 1–Jun 30	2012 Full year
Net sales		23	25	49
Administrative expenses	9	-67	-68	-135
Operating loss, EBIT		-44	-43	-86
Exchange rate difference on financial items		68	22	22
Net interest expenses and other financial items		-113	-35	-116
Loss after financial items, EBT		-89	-56	-180
Appropriations, group contribution		-	-	163
Tax on profit/loss		21	13	-5
NET LOSS		-68	-43	-22

BALANCE SHEET

SEK million	Note	Jun 30, 2013	Dec 31, 2012	Dec 31, 2011 (see Note 9)
ASSETS				
NON-CURRENT ASSETS				
Financial assets	9	15,734	32,315	33,915
NON-CURRENT ASSETS		15,734	32,315	33,915
CURRENT ASSETS				
Current receivables	9	12	237	4,548
Cash and cash equivalents		1	2	3
CURRENT ASSETS		13	239	4,551
ASSETS		15,747	32,554	38,466
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity	9	5,546	5,546	17,546
Unrestricted equity	9	3,045	18,670	12,467
EQUITY		8,591	24,216	30,013
LONG-TERM LIABILITIES				
Interest-bearing liabilities	3	5,362	5,663	8,221
LONG-TERM LIABILITIES		5,362	5,663	8,221
SHORT-TERM LIABILITIES				
Interest-bearing liabilities	3	1,720	2,586	172
Non-interest-bearing liabilities	9	74	89	60
SHORT-TERM LIABILITIES		1,794	2,675	232
EQUITY AND LIABILITIES		15,747	32,554	38,466

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and the interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for legal entities and its statements.

New and amended IFRS standards and IFRIC interpretations

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

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

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

NOTE 1 CUSTOMERS

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

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

NOTE 2 OPERATING EXPENSES

EBITDA

In Q2 2012, Sweden was negatively affected by SEK 25 million due to a new method for calculation of bad debt reserves, of which SEK 20 million related to mobile, SEK 3 million to fixed broadband and SEK 2 million to fixed telephony.

DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q3 2012, an impairment loss was recognized in Croatia amounting to SEK 250 million, of which goodwill SEK 88 million and other fixed assets SEK 162 million. The impairment loss was based on the estimated value in use. Tele2 expects growth and profitability in Croatia going forward. However, due to unsatisfactory development during 2011-2012, 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.

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.

NOTE 3 FINANCIAL ASSETS AND LIABILITIES FINANCING

SEK million	Interest-bearing liabilities			
	Jun 30, 2013		Dec 31, 2012	
	Short-term	Long-term	Short-term	Long-term
Bonds RUB, Russia	-	-	-	5,555
Bonds NOK, Sweden	-	1,441	-	1,511
Bonds SEK, Sweden	1,000	3,294	-	3,544
Commercial papers, Sweden	595	-	2,377	-
Financial institutions	214	656	219	1,692
Put option, Kazakhstan	1,324	-	1,214	-
Other liabilities	330	831	462	938
Total interest-bearing liabilities	3,463	6,222	4,272	13,240
		9,685		17,512

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 will not be 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 and is listed on the Luxembourg Stock Exchange.

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

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

CLASSIFICATION AND FAIR VALUES

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

SEK million	Jun 30, 2013					Total reported value	Fair value
	Assets and liabilities at fair value through profit/loss	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost			
Other financial assets	14	35	-	-	-	49	49
Accounts receivables	-	3,449	-	-	-	3,449	3,449
Other current receivables	-	601	-	-	-	601	601
Short-term investments	-	52	-	-	-	52	52
Cash and cash equivalents	-	740	-	-	-	740	740
Total financial assets	14	4,877	-	-	-	4,891	4,891
Liabilities to financial institutions and similar liabilities	-	-	-	7,200	-	7,200	7,335
Other interest-bearing liabilities	1,324	-	163	414	-	1,901	1,912
Accounts payable	-	-	-	2,699	-	2,699	2,699
Other short-term liabilities	-	-	-	498	-	498	498
Total financial liabilities	1,324	-	163	10,811	-	12,298	12,444

SEK million	Dec 31, 2012				Total reported value	Fair value
	Assets and liabilities at fair value through profit/loss	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost		
Other financial assets	19	37	-	-	56	56
Accounts receivables	-	3,985	-	-	3,985	3,985
Other current receivables	-	649	18	-	667	667
Short-term 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 short-term liabilities	-	-	-	1,008	1,008	1,008
Total financial liabilities	1,214	-	209	20,026	21,449	21,221

NOTE 4 OTHER FINANCIAL ITEMS

SEK million	2013 Jan 1– Jun 30	2012 Jan 1– Jun 30	2012 full year	2013 Q2	2012 Q2
Exchange rate differences, external	14	-7	-20	-1	10
Exchange rate differences, intra-group	-25	72	116	-62	4
Change in fair value, put option Kazakhstan	-81	-84	-166	-41	-45
EUR net investment hedge, interest component	7	5	19	3	5
Gain on sale of shares and participations	-	1	2	-	-
Other financial expenses	-4	-5	-10	-1	-4
Total other financial items	-89	-18	-59	-102	-30

NOTE 5 TAXES

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

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

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

NOTE 6 CAPEX

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

NOTE 7 CONTINGENT LIABILITIES

SEK million	Jun 30, 2013	Dec 31, 2012
Total contingent liabilities	-	-

Tele2 has been a party to arbitration proceedings in Stockholm regarding a share option agreement, which previously was reported as a contingent liability at an amount of SEK 265 million. The arbitral tribunal issued its award during Q3 2012 and the tribunal did not rule in favour of Tele2. The effect on Tele2's financial statements is stated in Note 2.

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

NOTE 8 TRANSACTIONS WITH RELATED PARTIES

Tele2's share of liquid funds in joint ventures, for which Tele2 has limited disposal rights, amounted at each closing date to the sums stated below and was included in the Group's cash and cash equivalents.

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

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

NOTE 9 EQUITY AND NUMBERS OF SHARES

	Jun 30, 2013	Dec 31, 2012
Number of shares		
Outstanding	445,497,600	444,661,211
In own custody	3,285,739	4,122,128
Weighted average	444,958,594	444,504,182
After dilution	448,759,914	447,579,409
Weighted average, after dilution	447,758,426	447,146,240

DIVIDEND/REDEMPTION

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

As a result of the sale of Tele2 Russia in April 2013 a mandatory share redemption programme of SEK 28 per share was issued during Q2 2013, equivalent to SEK 12,474 million. In total SEK 15,637 million has been paid to the shareholders in May 2013 as dividend and redemption.

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 amount to SEK 1.25, the same as prior to the share redemption program.

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 2013, 15 Class A shares were reclassified into Class B shares and 900 000 C shares into Class B shares.

In Q1 and Q3 2012, 1,194 and 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.

CONT. NOTE 9

PURCHASE OF NON-CONTROLLING INTEREST

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

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

LONG-TERM INCENTIVE PROGRAM (LTI)

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

LTI 2013

	2013 Jan 1–Jun 30
Number of share rights	1,210,128
Allocated June 4, 2013	1,210,128
Total outstanding share rights	1,210,128

During the Extraordinary General Meeting held on May 13, 2013, the shareholders approved a performance-based incentive programme (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, Telcel, 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 282,782 shares, of which 272,782 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 1,210,128 share rights, of which 276,524 Series A, 466,802 Series B and 466,802 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			Total	
			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	246,088
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	323,040
Category 3, no investment	7	1,000	0.375	0.5625	0.5625	1.5	10,500
Total	204						1,210,128

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 external analysts. The following variables were used:

	Serie A	Serie B	Serie 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.

CONT. NOTE 9

LTI 2012

	2013 Jan 1–Jun 30	Cumulative from start
Number of share rights		
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	-76,791	-130,541
Total outstanding share rights	1,077,176	1,077,176

LTI 2011

	2013 Jan 1–Jun 30	Cumulative from start
Number of share rights		
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	-103,942	-239,808
Total outstanding share rights	975,010	975,010

LTI 2010

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

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

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

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

Reporting of LTI in the parent company

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

NOTE 10 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2013 Jan 1 – Jun 30
Acquisitions	
Capital contribution to associated companies	-18
Dividend received from associated companies	1
Total acquisition of shares and participations	-17
Divestments	
Russia	17,301
Total sale of shares and participations	17,301
TOTAL CASH FLOW EFFECT, NET	17,284

DISCONTINUED OPERATIONS

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

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

The Russian operation reported as discontinued operations is stated below.

Income statement

SEK million	2013 Jan 1– Jun 30	2012 Jan 1– Jun 30	2012 full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Net sales	3,261	6,325	12,984	-	3,261	3,402	3,257	3,277	3,048
Cost of services sold	-1,724	-3,337	-6,832	-	-1,724	-1,775	-1,720	-1,750	-1,587
Gross profit	1,537	2,988	6,152	-	1,537	1,627	1,537	1,527	1,461
Selling expenses	-402	-806	-1,643	-	-402	-458	-379	-405	-401
Administrative expenses	-231	-423	-833	-	-231	-223	-187	-197	-226
Sale of operations, profit	13,215	-	-	13,215	-	-	-	-	-
Other operating income	6	4	14	-	6	3	7	-1	5
Other operating expenses	-1	-9	-12	-	-1	-1	-2	-7	-2
EBIT	14,124	1,754	3,678	13,215	909	948	976	917	837
Interest income/costs	-122	-207	-463	-	-122	-127	-129	-125	-82
Other financial items	21	-30	-62	-	21	-38	6	-18	-12
EBT	14,023	1,517	3,153	13,215	808	783	853	774	743
Tax on profit/loss	-111	-275	-865	41	-152	-434	-156	-137	-138
NET PROFIT	13,912	1,242	2,288	13,256	656	349	697	637	605
Earnings per share (SEK)	31.27	2.80	5.14	29.79	1.48	0.78	1.56	1.43	1.37
Earnings per share, after dilution (SEK)	31.07	2.78	5.12	29.61	1.46	0.78	1.56	1.42	1.36

Cash flow statement

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
OPERATING ACTIVITIES												
Operating profit	14,124	1,754	3,678	13,215	909	948	976	917	837			
Adjustments for non-cash items in operating profit	-12,939	515	1,051	-13,215	276	278	258	283	232			
Financial items paid	-69	-125	-376	-	-69	-175	-76	-122	-3			
Taxes paid	-177	-262	-879	-	-177	-454	-163	-94	-168			
Cash flow from operations before changes in working capital	939	1,882	3,474	-	939	597	995	984	898			
Changes in working capital	-216	18	238	-	-216	208	12	51	-33			
CASH FLOW FROM OPERATING ACTIVITIES	723	1,900	3,712	-	723	805	1,007	1,035	865			
INVESTING ACTIVITIES												
CAPEX paid	-316	-744	-1,326	-	-316	-175	-407	-501	-243			
Cash flow after CAPEX	407	1,156	2,386	-	407	630	600	534	622			
Sale of shares	17,301	-	-	17,404	-103	-	-	-	-			
Cash flow from investing activities	16,985	-744	-1,326	17,404	-419	-175	-407	-501	-243			
CASH FLOW AFTER INVESTING ACTIVITIES	17,708	1,156	2,386	17,404	304	630	600	534	622			
FINANCING ACTIVITIES												
Changes of loans, net	-1	2,894	2,810	-	-1	-21	-63	1,331	1,563			
Other financing activities	-93	-	-	-	-93	-	-	-	-			
Cash flow from financing activities	-94	2,894	2,810	-	-94	-21	-63	1,331	1,563			
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,614	4,050	5,196	17,404	210	609	537	1,865	2,185			

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
Long-term interest-bearing liabilities	-6,302
Short-term interest-bearing liabilities	-1,474
Short-term non-interest-bearing liabilities	-1,683
Divested net assets	335
Capital gain	14,948
Sales price, net sales costs	15,283
Sales costs etc, non-cash	64
Received payment for intercompany loans	2,166
Less: cash in divested operations	-212
TOTAL CASH FLOW EFFECT	17,301

Additional information

Thousands	Number of customers			Net intake					
	2013 Jun 30	2012 Jun 30	2012 Dec 31	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Mobile	-	21,633	22,716	-	166	373	710	693	304
Number of customers and net intake	-	21,633	22,716	-	166	373	710	693	304
Divested companies				-22,882	-	-	-	-	-
Number of customers and net change	-	21,633	22,716	-22,882	166	373	710	693	304

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
Net sales	3,261	6,325	12,984	-	3,261	3,402	3,257	3,277	3,048			
Mobile	3,261	6,325	12,984	-	3,261	3,402	3,257	3,277	3,048			
Net sales	3,261	6,325	12,984	-	3,261	3,402	3,257	3,277	3,048			

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
EBITDA	1,186	2,261	4,720	-	1,186	1,228	1,231	1,196	1,065			
Russia	1,186	2,261	4,720	-	1,186	1,228	1,231	1,196	1,065			
Mobile	1,189	2,262	4,744	-	1,189	1,243	1,239	1,199	1,063			
Other	-3	-1	-24	-	-3	-15	-8	-3	2			
Other operations	-3	-1	-24	-	-3	-15	-8	-3	2			
EBITDA	1,186	2,261	4,720	-	1,186	1,228	1,231	1,196	1,065			

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
EBIT	14,124	1,754	3,678	13,215	909	948	976	917	837			
Russia	14,124	1,754	3,678	13,215	909	948	976	917	837			
Mobile	909	1,748	3,683	-	909	959	976	917	831			
Other	-	6	-5	-	-	-11	-	-	6			
Other operations	-	6	-5	-	-	-11	-	-	6			
Sale of operations, profit	13,215	-	-	13,215	-	-	-	-	-			
EBIT	14,124	1,754	3,678	13,215	909	948	976	917	837			

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
EBITDA	1,186	2,261	4,720	-	1,186	1,228	1,231	1,196	1,065			
Sale of operations	13,215	-	-	13,215	-	-	-	-	-			
Depreciation/amortization and other impairment	-277	-807	-1,042	-	-277	-280	-255	-279	-228			
EBIT	14,124	1,754	3,678	13,215	909	948	976	917	837			

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
CAPEX	365	858	1,590	-	365	371	361	577	281			
Mobile	365	858	1,590	-	365	371	361	577	281			
CAPEX	365	858	1,590	-	365	371	361	577	281			

SEK million	2013			2012			2011			2010		
	Jan 1- Jun 30	Jan 1- Jun 30	full year	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2011 Q4	2011 Q3	2011 Q2	2010 Q1
CAPEX	-365	-858	-1,590	-	-365	-371	-361	-577	-281			
This year unpaid CAPEX and paid CAPEX from previous year	-	113	117	-	-	193	-189	75	38			
Received payment of sold non-current assets	49	1	147	-	49	3	143	1	-			
Paid CAPEX	-316	-744	-1,326	-	-316	-175	-407	-501	-243			

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