ANNUAL REPORT 2015

TELE2

Calendar 2016

May 24

Annual General Meeting
2016
Stockholm

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CEO Word

A strong position built on data monetization and customer value

We have concluded another year of progress towards being both champions of customer value and creators of sustainable, long term shareholder value. Our challenger spirit combined with a focused set of strategic choices, have been key enablers to this progress.

As **Value Champions**, Sweden and Baltics continue to lead the way in data monetization, with customer-centric offers that stimulate data consumption on our world leading 4G networks. We have also reached crucial milestones in both the Netherlands and Kazakhstan where we will soon have all the necessary foundations in place to leverage our **Focussed Technology Choices** strategy, and hence start to deliver a return on the 4G network investments we have made over the past few years.

Our industry is facing great challenges together with a changing regulatory environment, but also great opportunities for those who are ahead of the game. Consumer behaviour continues to evolve, with the move from fixed to wireless usage resulting in surging data consumption and increasing smartphone penetration. Smartphone data traffic alone is expected to increase by 800 per cent in the next 6 years. In B2B, corporate business models are adjusting to take advantage of both scale and connectivity via M2M/IoT solutions. What remains central to all of this is **Mobile Access**, and our ability to offer high quality networks that provides our customers with an excellent and competitively priced data experience.

To stay ahead of the game we set out to **Step-Change our Productivity** just over a year ago, when we launched the Challenger Program. As of today, we are seeing good progress towards our target of SEK 1 billion per annum benefits by 2018. Our Shared Operations organization whose purpose is to offer scale and skill in a range of Network, IT, Customer, Product and Financial services to our whole company has expanded in Riga, Latvia and a partnership has been established in Chennai, India and we are more than halfway to our target for strategically sourced and procured spending. As we set up our Shared Operations organization, we transformed the way we work across the Group. This was only possible as a result of the inherent strength we have in our **Winning People & Culture**, visible in our world class employee engagement level scores, which enable us to successfully execute on change and to be even more agile in the future.

I believe that what we have achieved this year and our customer focused strategy, will lead to even greater success in the future. This focus has already resulted in increased customer satisfaction and we have been awarded the best telecom operator in terms of both quality and service in both Sweden and the Baltics during 2015.

Tele2's Way2Win

Data monetization is a clear priority across our footprint

In **Sweden**, 2015 has been an eventful year achieving positive results from our dual brand strategy, with Comviq and Tele2 successfully targeting different market segments. With the introduction of Tele2.0 at the end of 2014, we challenged industry practices profoundly, by offering more data for less in combination with simpler and more flexible contract terms, without binding period. We have seen good traction in net intake, as a result of attracting new customers and increased customer loyalty. Comviq and Tele2 were also awarded gold and silver medals in this year's Swedish quality index which is further proof of customer satisfaction. We enjoyed a record year of profitability in terms of EBITDA in Sweden, largely due to the Tele2.0 initiative. Going forward, we will continue to leverage our dual brand strategy in the B2C segment and meanwhile strive to regain momentum in the SME B2B segment, where we lost ground in the latter half of 2015. Our ambition to deliver the best quality to our customers includes providing a great network experience, and so our target of 90 percent population coverage will be achieved in 2016.

The **Baltic region** has shown great progress this year and the data monetization journey has only just started. As the economy has been gradually recovering, Tele2 has positioned itself as the preferred wireless connectivity provider with its newly rolled out 4G network. Customer satisfaction scores have continued to be high and at the end of the year, both Lithuania and Latvia tested triple carrier LTE-advanced, reaching download speeds of 300 Mbps. Our fast and efficient deployment of the latest technology combined with smart data centric pricing resulted in strong data revenue growth, proving the potential for further data monetization across the region. Despite the challenging new roaming regulation ahead, Baltics will continue to focus on commercialization and monetization of data to reap the benefits of the investment in our 4G network.

At the end of the year, we officially launched the world's first 4G network in the **Netherlands**, reaching 95 percent of the Dutch population outdoors. As a true challenger, we are offering our customers a high quality, high speed 4G user experience with 4G data centric subscriptions in both the B2C and B2B markets at competitive price levels. Our priority is clear, we will stimulate data demand by offering our customers what they need, for less. Our target market for our state of the art network investment is high value, 4G data hungry customers. Furthermore, with the VULA agreement, we look forward to better competing in the Fixed and Quad play markets, again offering customers a high quality, and more competitively priced product.

Kazakhstan is a market which has suffered from extreme macroeconomic challenges during the past year, and the competitive environment has also intensified. Despite this, we have successfully managed to add 1.1 million customers, enabling double digit growth in mobile service revenues. Kazakhstan is now a market that will benefit from in-market consolidation, and as announced in November 2015, we have an agreement with Kazakhtelecom to merge both our mobile businesses in the Kazakh market into a new jointly owned company that will make us a more sustainable and significant player in the market, enabling a platform for top and bottom line growth in the years ahead. Having received all the necessary regulatory approvals the transaction was completed on February 29, 2016.

In **Croatia**, our network swap has been completed in record time, and our 4G network was launched February 1st 2016. Furthermore, in **Austria**, we have launched 4G mobile services, via an MVNO, to strengthen our existing B2B position.

I call our **IoT/M2M business** Tele2's 10th country, being different from our other markets by having a global ambition. We have been active in this super-hot segment for around 2 years and have already been recognized as one of the most interesting brands to follow in the IoT arena. But we are far from done and aim to become one of the leading names in the world within IoT Connectivity and Value Added services. Our Way to win is through focusing on delivering horizontal connectivity solutions. Together with our partners, we deliver world class IoT services to our customers, across all verticals. IoT as a growth engine is just at the beginning of its journey and our vision is that everything physical in this world will have its own digital twin. If this holds true, the potential is enormous.

Evolving regulatory framework

As I referenced earlier, 2015 saw extensive regulatory change and dialogue. The Telecom Single Market regulation was adopted, marking the end of a yearlong negotiation process. Many topics, such as coordination of European spectrum policy, failed to achieve their goals and we expect this will come back on the agenda in 2016. We therefore anticipate 2016 to be another important year for telecoms operators, with the review of the EU Telecoms Framework underway, setting the regulatory scene for 2020 and beyond. These developments will create challenges for us as an operator, but challenges we are well placed to face, with a firm belief that competition will deliver the best result for both consumers and society as a whole.

Corporate Responsibility is core to our strategy

2015 has been a strong year from a Responsible Challenger point of view, which started with us being recognized for our country-by-country transparency reporting by Transparency International Sweden. As a matter of fact, in their Report no. 1, 2015, Tele2 was rated best in Sweden with a summary score that exceeded the global winner. From the analyst and investor community Tele2 maintained inclusion in the prominent FTSE4Good Index and have kept our top rating of A+, by Nordea.

Being a Responsible Challenger is now embedded into our overall corporate strategy, to ensure that corporate responsibility is intertwined with our business goals. The best and most visible example of this is in our new jointly owned company in Kazakhstan. We have been transparent about how we have done and still do business, ethically, in Kazakhstan, and are fully aware of the challenges that lie ahead of us. With that in mind, we have built in – what we believe are – unique mechanisms into our partnership with Kazakhtelecom, that will protect us going forward. We are also supported on our journey by various stakeholders, all working with the same agenda and detailed in the Swedish National Action plan on the UN Guiding Principles. As a challenger we are proud of our focus on integrating corporate responsibility into all relevant decision making. It is well proven, we dare to say, that companies with strong corporate responsibility deliver disproportionately higher levels of TSR, and that is consistent with our overall ambition for Tele2.

The way forward

I was immensely proud to be appointed President and CEO of this great Company in September 2015, and am hugely excited about the future of Tele2 and the industry we operate in. Consumer demand for data delivered via mobile devices, is growing exponentially. Tele2's focus on mobile access combined with our value champion philosophy leaves us well positioned for this future. As I write this, we have 4G up and running in all our key markets, and commercially ready to capitalize on the already proven consumer demand. This demand will provide potential for further data monetization in the months and years ahead and will thereby deliver long term and sustainable value for our customers, our employees and our shareholders.

Allison Kirkby
President and CEO

Board of Directors

Mike Parton

Chairman of the Board, elected in 2007

Born: 1954

Nationality: British citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders.

Holdings in Tele2: 19,625 B shares

Committee work: Member of the Remuneration Committee

Mike Parton is Chairman of Arqiva (since 2015), a UK based telecoms and broadcast infrastructure company. He is a member of the Chartered Institute of Management Accountants. Furthermore, he is a member of the Advisory Board of a UK charity called Youth at Risk.

He was CEO and Chairman of Damovo Group Ltd, an international IT company (between 2007 and 2014) and CEO of Marconi plc (between 2001 and 2006).

Trained as Chartered Management Accountant.

Lorenzo Grabau

Non-Executive Director, elected in 2014

Born: 1965

Nationality: Italian citizen

Independence: Independent in relation to the company and management but not independent in relation to the company's major shareholders

Holdings in Tele2: –

Committee work: Chairman of the Remuneration Committee and member of the Audit Committee

Lorenzo Grabau is CEO of Investment AB Kinnevik since 2014. He is also Chairman of Global Fashion Group SA (since 2015), deputy Chairman of Zalando SE (since 2013), as well as Non-Executive Director of Millicom International Cellular S.A. (since 2013), of Rocket Internet SE (since 2014) and of Qliro Group AB (since 2014).

From 2011 to 2015 he served for different periods of time as Chairman of Avito AB and as Non-Executive Director of Investment AB Kinnevik, Modern Times Group MTG AB, CTC Media, Inc. and Softkinetic BV. He was a Partner and Managing Director at Goldman Sachs International in London (until 2011). He joined the Investment Banking division of Goldman Sachs in 1994 and during his 17 years at the firm held various leadership positions within the Consumer/Retail and Media/Online industry practices, and the Financial Sponsors Group. He began his career in Investment Banking in 1990 when he joined Merrill Lynch, where he remained for five years working in the Mergers & Acquisitions department in London and New York.

Dottore in Economia e Commercio, Università degli Studi di Roma, La Sapienza, Italy.

Irina Hemmers

Non-Executive Director, elected in 2014

Born: 1972

Nationality: Austrian citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: –

Committee work: Member of the Audit Committee

Irina Hemmers is a partner at Eight Roads, the proprietary investing arm of FIL, Fidelity International, and leads Principal Investing, a permanent capital fund focused on acquiring and investing in innovative long-term growth businesses.

She was Non-Executive Director of Trader Corporation, Trader Media Group and Top Right Group (until 2013), of Hit Entertainment (until 2012), Incisive Media/American Lawyer Media (until 2009) and SULO Group (until 2007). Previously, she was a Partner with private equity firm Apax Partners (between 2001 and 2013). During her 12 years with Apax Partners, she worked in Munich, Hong Kong and London. She began her career at McKinsey & Company in Vienna 1996.

M.Sc. in International Business and Economic Studies from University of Innsbruck, Austria, and an MPA from John F. Kennedy School of Government, Harvard University, USA.

Erik Mitteregger

Non-Executive Director, elected in 2010

Born: 1960

Nationality: Swedish citizen

Independence: Independent in relation to the company and management but not independent in relation to the company's major shareholders

Holdings in Tele2: 10,000 B shares

Committee work: Member of the Audit Committee

Erik Mitteregger is member of the Board of Investment AB Kinnevik (since 2004) and of Rocket Internet SE (since 2014). He is also chairman of the Boards of Firefly AB (since 2013 and board member since 2003) and Wise Group AB (since 2008 and board member since 2003).

Previously, he was member of the Board of Invik & Co. AB (between 2004 and 2007), Metro International SA (between 2009 and 2013) and Avito AB (between 2014 and 2015). He was founding partner and Fund Manager of Brummer & Partners Kapitalförvaltning AB (between 1995 and 2002). During the period 1989 to 1995, he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission.

B.Sc. in Economics and Business Administration from Stockholm School of Economics.

Carla Smits-Nusteling

Non-Executive Director, elected in 2013

Born: 1966

Nationality: Dutch citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: 1,500 B shares

Committee work: Chairman of the Audit Committee and member of the Remuneration Committee

Carla Smits-Nusteling is a Non-Executive Director at ASML (since2013). She is also a member of the management board of the Foundation Unilever NV Trust Office (since 2015) and she is Lay judge of the Enterprise Court of the Amsterdam Court of Appeal (since 2015).

She has over 10 years' experience from Koninklijke KPN N.V., and was KPN's Chief Financial Officer (between 2009 and 2012). She joined KPN in 2000 and held various financial positions, whereof three years as Director of Corporate Control. Between 1990 and 2000, she worked at TNT Post Group N.V., an international express and mail delivery service, and held various managerial positions before her appointment as Regional Director in 1999.

M.Sc. Business Economics from Erasmus University, Rotterdam.

Eamonn O'Hare

Non-Executive Director, elected in 2015

Born: 1963

Nationality: Irish and British citizen

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Holdings in Tele2: –

Committee work: –

Eamonn O'Hare is Founder, Chairman and CEO of Zegona Communications, an investment company focusing on the European media and telecommunications sector. He is also a Non-Executive Board Director of Dialog Semiconductor (since 2014), a leading consumer technology supplier to the world's largest mobile device brands.

He was Chief Financial Officer and Board Director of Virgin Media from 2009 up until its sale to Liberty Global in 2013. Between 2005 and 2009, he served as the UK Chief Financial Officer of Tesco, one of the world's largest retailers. Before that he served as Chief Financial Officer and Board Director of Energis Communications and prior to that he spent ten years at PepsiCo in a series of executive roles in Europe, Asia and the Middle East.

B.Sc. Aeronautical Engineering, from Queen's University, Belfast, and MBA from London Business School.

Leadership Team

Allison Kirkby

President and CEO
Joined the company in 2014
Born 1967
SHND in Accounting, Glasgow Caledonian University
Fellow of the Chartered Institute of Management Accountants, FCMA
Chartered Global Management Accountant, CGMA
Allison is a Non-Executive Director and Chairman of the Audit Committee of Greggs PLC. She is also a Board Member of Reach for Change Foundation, and SecureValue Consulting Ltd

Holdings in Tele2[1)]:
20,000 B shares
24,000 share rights (LTI 2014)
31,500 share rights (LTI 2015)

Lars Nordmark

EVP, Group CFO[2)]
Joined the company in 2016
Born 1966
MBA and BBA, University of Iowa

Holdings in Tele2:
12,000 B shares

Niklas Sonkin

EVP, Group Chief Operating Officer/Market area director Kazakhstan & Germany
Joined the company in 2009
Born 1967
M.Sc. in Engineering, Helsinki University of Technology

Holdings in Tele2[1)]:
21,500 B shares
24,000 share rights (LTI 2013)
24,000 share rights (LTI 2014)
31,500 share rights (LTI 2015)

Lars Torstensson

EVP, New Growth & Strategy/Market area director Austria
Joined the company in 2007
Born 1973
M.Sc. in Business Administration, Jönköping University

Holdings in Tele2[1)]:
20,000 B shares
24,000 share rights (LTI 2013)
24,000 share rights (LTI 2014)
31,500 share rights (LTI 2015)

Samuel Skott

EVP, CEO Tele2 Sweden[2)]
Joined the company in 2005
Born 1978
M.Sc. in Industrial Engineering & Economics, Linköping Institute of Technology

Holdings in Tele2[1)]:
6,000 B shares
8,000 share rights (LTI 2013)
8,000 share rights (LTI 2014)
8,000 share rights (LTI 2015)

Malin Holmberg

EVP, Market Area Director Netherlands & Croatia[2)]
Joined the company in 2009
Born 1971
M.Sc. in Business administration and Economics, Stockholm School of Economics, MBA, INSEAD in France

Holdings in Tele2[1)]:
16,000 B shares
8,000 share rights (LTI 2013)
8,000 share rights (LTI 2014)
31,500 share rights (LTI 2015)

Elinor Skogsfors

EVP, Group Human Resources
Joined the company in 2013
Born 1963
B.Sc. in Political Administration major in HR, Stockholm University

Holdings in Tele2[1)]:
8,500 B shares
18,000 share rights (LTI 2014)
31,500 share rights (LTI 2015)

Caroline Fellenius-Omnell

EVP, Group General Counsel
Joined the company in 2014
Born 1968
LL.M. College of Europe and LL.M., Stockholm University

Holdings in Tele2[1)]:
10,000 B shares
24,000 share rights (LTI 2014)
31,500 share rights (LTI 2015)

[1)] Share rights = allocated share rights at grant date, before compensation for dividend
[2)] On January 28, 2016 Tele2 announced several changes in the leadership team. Lars Nordmark was appointed CFO and Samuel Skott was appointed CEO Tele2 Sweden, succeeding Thomas Ekman. Both will be members of the Tele2's Leadership Team as of April 18, 2016. In addition, Malin Holmberg was appointed CEO Tele2 Netherlands & Croatia as of April 1, 2016, succeeding Jeff Dodds

Administration report

The Board of Directors and the CEO herewith present the annual report and consolidated financial statements for Tele2 AB (publ), corporate reg. no. 556410-8917 for the financial year 2015.

The figures shown in parentheses correspond to the comparable period last year and continuing operations unless otherwise stated.

Financial overview

With 14 million customers in nine countries, Tele2 is one of Europe's leading telecom operators. We offer mobile services, fixed broadband and telephony, data network services and content services. Ever since Jan Stenbeck founded the company in Sweden in 1993, Tele2 has been a tough challenger to the former government monopolies and other established providers.

Our mission is to always offer our customers what they need for less, and ultimately our vision is to be the champions of customer value in everything we do.

Tele2's financial performance is driven by a consistent 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 previous year, combined with greater efforts to develop mobile services on own infrastructure have had a positive impact on Tele2's mobile EBITDA, although off-set by the impact of our MNO launch in the Netherlands. In addition to investing in mobile, the Group will concentrate on maximizing the return from fixed-line services. In 2015, revenue from mobile operation accounted for 76 (74) percent of Tele2's net sales.

In 2015, the Group generated net sales of SEK 27 billion and reported an operating profit (EBITDA) of SEK 5.8 billion.

Net customer intake

In 2015, net Customer intake amounted to 848,000 (397,000) customers. The customer net intake in mobile services amounted to 1,104,000 (598,000) customers. The increase was mainly driven by positive customer intake through Tele2 Kazakhstan and Tele2 Sweden. The fixed broadband base lost –57,000 (–45,000) customers in 2015, attributable to Tele2's operation in the Netherlands, Sweden, Germany and Austria. As expected, the number of fixed telephony customers fell during the year. On December 31, 2015 the total customer base amounted to 14,414,000 (13,594,000) customers.

Net sales

Tele2's net sales amounted to SEK 26,856 (25,955) million corresponding to a positive growth of 3 percent (2 percent excluding exchange rate effects). The net sales development was mainly a result of strong usage of mobile data services, leading to a mobile end-user service revenue growth of 6 percent (5 percent excluding exchange rate effects). Net sales was also positively impacted by strong equipment sales in Sweden, Netherlands, Lithuania and Croatia. This positive development was hampered by negative net sales development within consumer fixed telephony and fixed broadband.

EBITDA

EBITDA amounted to SEK 5,757 (5,926) million, equivalent to an EBITDA margin of 21.4 (22.8) percent. This corresponding to a decrease in EBITDA of –3 percent (–4 percent excluding exchange rate effects). The EBITDA was positively impacted by strong development in mobile services and then mainly from monetizing of data, but negatively impacted by declines in our fixed operations, the commercial launch of our 4G services in the Netherlands and the devaluation of the Kazakhstan currency.

EBIT

Operating profit, EBIT amounted to SEK 2,890 (3,216) million excluding one-off items and SEK 2,447 (3,490) million including one-off items. EBIT was affected by one-off items totalling SEK –443 (274) million which consist of restructuring costs of SEK –247 (–10) million related to the Challenger program, impairment of goodwill in Estonia of SEK –196 million, transaction related expenses from the planned combination of the Tele2 and Kazakhtelecom mobile operations in Kazakhstan of SEK –118 million, sale of operations of SEK 12 (261) million and other one-off items of SEK 106 (23) million (Note 6).

Profit before tax

Net interest expense and other financial items amounted to SEK –435 (10) million, partly explained by the revaluation of the Kazakhstan put option due to the devaluation of the Kazakhstan currency which affected financial items with SEK –51 (427) million (Note 11). The average interest rate on outstanding liabilities was 4.4 (5.0) percent. Profit after financial items, EBT, amounted to SEK 2,012 (3,500) million.

Net profit

Profit after tax amounted to SEK 1,268 (2,626) million. Earnings per share amounted to SEK 2.82 (5.86) after dilution. Income tax expenses for the year amounted to SEK –744 (–874) million. Tax payments affecting cash flow amounted to SEK –349 (–327) million.

Free cash flow

Free cash flow amounted to SEK –519 (1,162) million, affected by the increase in working capital amounted to SEK –1,072 (–860) million.

CAPEX

During 2015, Tele2 made investments of SEK 4,227 (3,450) million in tangible and intangible assets, driven mainly by increased investments in Netherlands, Sweden, Kazakhstan and Croatia.

Net debt

Net debt amounted to SEK 9,878 (8,135) million on December 31, 2015, or 1.72 times EBITDA in 2015. Tele2's available liquidity amounted to SEK 7,890 (8,224) million. Please refer to Note 25 for further information of financial debt.

Challenger program

A group-wide program focused on increasing productivity was launched in the end of 2014. The program will be implemented over three years and is expected to reap full benefits of SEK 1 billion per annum starting in 2018. The investment required will be SEK 1 billion, phased over the three years. In 2015 EBIT was negatively impacted by SEK –247 (–10) million by the program, which was reported as one-off items (Note 6).

Five-year summary

SEK million	Note	2015	2014	2013	2012	2011
CONTINUING OPERATIONS						
Net sales		26,856	25,955	25,757	25,993	26,219
Number of customers (by thousands)		14,414	13,594	13,582	14,229	12,392
EBITDA	6	5,757	5,926	5,891	6,040	6,755
EBIT		2,447	3,490	2,548	2,190	3,613
EBT		2,012	3,500	1,997	1,668	3,074
Net profit		1,268	2,626	968	1,158	2,169
Key ratios						
EBITDA margin, %		21.4	22.8	22.9	23.2	25.8
EBIT margin, %		9.1	13.4	9.9	8.4	13.8
Value per share (SEK)						
Net profit	24	2.84	5.89	2.17	2.61	4.88
Net profit, after dilution	24	2.82	5.86	2.15	2.59	4.85
TOTAL						
Equity		17,901	22,682	21,591	20,429	21,452
Total assets		36,102	39,848	39,855	49,189	46,864
Cash flow from operating activities		3,529	4,578	5,813	8,679	9,690
Free cash flow		–486	432	572	4,070	4,118
Available liquidity		7,890	8,224	9,306	12,933	9,986
Net debt	25	9,878	8,135	7,328	15,187	13,060
Net investments in intangible and tangible assets, CAPEX		4,240	3,976	5,534	5,294	6,095
Investments/divestments in shares and other financial assets		–4,865	–439	–17,235	215	1,563
Average number of employees		5,603	5,484	6,143	8,379	7,539
Key ratios						
Equity/assets ratio, %		50	57	54	42	46
Debt/equity ratio, multiple		0.55	0.36	0.34	0.74	0.61
Return on equity, %		14.7	10.0	69.5	15.6	18.9
ROCE, return on capital employed, %	24	14.0	10.1	48.0	15.4	20.5
Average interest rate, %		4.4	5.0	5.2	6.7	6.2
Value per share (SEK)						
Net profit		6.69	4.96	32.77	7.34	10.69
Net profit, after dilution		6.65	4.93	32.55	7.30	10.63
Equity		40.13	50.90	48.49	45.95	48.32
Cash flow from operating activities		7.91	10.27	13.06	19.53	21.83
Dividend, ordinary		5.35[1]	4.85	4.40	7.10	6.50
Extraordinary dividend		–	10.00	–	–	6.50
Redemption		–	–	28.00	–	–
Market price at closing day		84.75	94.95	72.85	117.10	133.90

[1] Proposed dividend.

Overview by country

Tele2's footprint includes both emerging and mature markets, where cultural, economic and competitive differences are significant. However, the trend towards mobility and mobile data is universal, and is clearly evident in all our countries of operation.

While mobile communication services are fairly standardized across different countries, the level of maturity differs widely. Tele2 is present in nine countries, of which three are considered larger markets for Tele2: Sweden, the Netherlands and Kazakhstan. These three markets comprise 75 percent of the total net sales. Sweden is the home turf and test bed for new products and services, recently applied in many aspects by the Baltic region. The Netherlands has its origin in fixed communication services but is now pursuing a unique mobile opportunity as a 4G only operator. Kazakhstan is in many ways still virgin territory. This is however gradually changing with positive EBITDA contribution and accelerated customer net intake. Consolidation in the market through the merged mobile business entity of Tele2 and Kazkahtelecom will further improve the market dynamics and will create a good platform from which to take the business to a new level.

Tele2's position and priorities vary across its footprint. Local market characteristics differ in many ways, even within the same country.

Looking forward, Tele2 remains confident in its strategy and ability to monetize a great customer experience throughout its footprint. Sweden will maintain its leadership in 4G/LTE, and the Baltics has, on the back of the 4G network launch successfully started the monetization journey. 2016 will be an exciting year, with further investments in the Netherlands to support the launch of the new 4G network and integration of the business in Kazakhstan, supported by continued strength in Sweden and the Baltics.

While there are important local differences, Tele2's 'How we win choices' support the overall objective for the Group and go beyond the local context, and thus applies to all countries where Tele2 operates.

How we win choices

- **Focused technology choices** – Tele2 shall increase quality where it matters for the customers, drive down technology costs continuously in all areas and selectively push for new technologies and innovations.
- **Value Champion** – Tele2 aim to be the leader within the transition from voice to data and go from a discounter to a champion of value for our customers.
- **Step-change our productivity** – Tele2 is in a position of strength and has therefore invested in a multi-year program to find ways to become the number one in effectiveness. This will be done by simplification, discipline, consolidation and transformation.
- **Winning people and culture** – Tele2 is and will continue to be an organization that is driven by our values. We are today also an organization with highly engaged employees, something that we aim to leverage upon.

Objectives

- **Happiest customers** - Tele2 shall be the operator of choice. By providing the best value for money we shall be the operator of choice and grow our market share.
- **Engaged employees** - We shall be considered a great place to work. By being a great place to work we shall attract and retain the best people who can deliver on our vision and mission.
- **Profitable growth** - We shall have the best Total Shareholder Return (TSR). By having the happiest customers, engaged employees and work to become as effective as possible, we shall deliver profitable growth and the best TSR within our peer group.

These fundamental priorities and objectives will continue to guide the company's regional activities moving forward.

Tele2's Way2Win

Where we operate

Sweden

SEK million	2015	2014	Growth
Number of customers (in thousands)	4,007	3,976	1%
Net sales	12,630	12,629	0%
of which mobile end-user service revenue	7,368	7,252	2%
EBITDA	3,844	3,612	6%
EBIT[1]	2,747	2,371	

[1] excluding one-off items (Note 6)

2015 in brief

Despite high level of competition, Tele2 managed to demonstrate solid results in 2015, driven by strong demand for mobile data. Mobile end-user service revenue grew by SEK 16 million and the EBITDA contribution for mobile services was SEK 3,515 (3,224) million in 2015, representing an increase of 9 percent compared to last year. Total mobile net intake amounted to 120,000 (–51,000) in 2015.

In 2015, Tele2 prioritized three areas:

- Deliver on our long term dual brand strategy which aims at positioning Tele2 and Comviq in different market segments
- Cost efficiency from operating joint-operation networks and further roll-out of 4G network
- Growth in the Large Enterprise segment

Long term dual brand strategy

In 2015, Tele2 continued to develop its dual brand strategy. The successful launch of Tele2.0 in November 2014 followed by the introduction of Big Buckets at the beginning of 2015 fortified Tele2's position in the data segment. Furthermore, innovative pricing on handsets through Buy Back and Bring Back as well as focus on fixed pricing and market diversification have driven improved customer satisfaction while securing the long term positioning of the company's two brands. In 2015, both Comviq and Tele2 were awarded most satisfied customers by the Swedish Quality Index.

Further roll-out of 4G network

During the year, Tele2 continued the rollout of the combined 2G and 4G networks in the joint operation Net4Mobililty. With this rollout, the company will improve the coverage in all areas of Sweden with the aim of reaching 90 percent geographic coverage in 2016. The rollout will cement Tele2's position as the operator offering the best mobile 4G coverage in Sweden while further future-proofing its network.

Moreover, Tele2 continued the roll-out of both LTE 800 and LTE 1800, which will further strengthen the network in terms of 4G capacity and coverage in order to cater for customers' increasing demand for data.

Continued Sweden

Growth in the Large Enterprise segment
The large enterprise segment continued to show solid mobile revenue growth, driven by a strong intake of customers within cloud services. During 2015, the company acquired significant new and extended contracts with customers such as Göteborgs stad, Skåne kommunerna, Linköpings universitet, Hertz, Avanza, Schibstedt and SEB. Furthermore, the company continued to see an increased market demand for Communication as a service, driven by Kammarkollegiet frame agreement for the public sector, but also the privately held companies.

In 2015, Tele2 was yet again recognized in the Swedish Quality Index, by taking the number one position for fixed telephony and maintaining from previous year, its number one position for broadband and number two position for mobile.

Growth opportunities to go after in 2016

Tele2 will continue leveraging on its dual brand strategy, positioning Comviq as the modern mobile price fighter and Tele2 as the full suite value proposition to meet the different customer needs. Focus will be on further highlighting the customer centric offer of Tele2.0 with no binding period, more data for less and attractive handset pricing as well as enhanced focus to regain positive momentum within the SME segment in B2B.

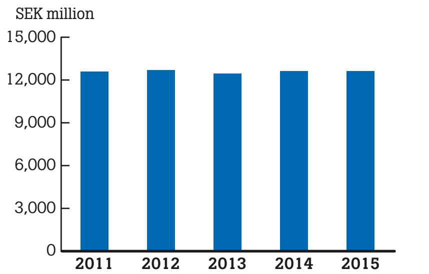
The company expects mobile data demand to keep growing as customers become more and more mobile. Consequently, Tele2 will increase its focus on monetizing on data, optimizing the network, and drive sales towards bigger data offerings, thereby increasing customer value and lowering production cost.

In order to enhance its 4G network Tele2 will keep improving coverage and capacity throughout the network.

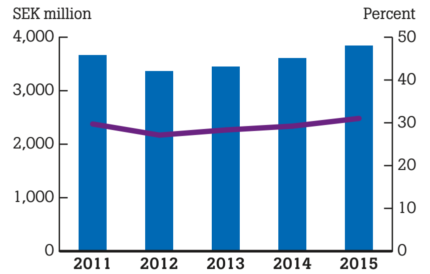
In summary, the company aims to continue to deliver good profitability during 2016 through:

- Leverage increased data consumption among our customers, mainly driven by larger data buckets and new attractive handset offerings
- Effective use of distribution channels while steering towards online activities and self-service
- Continue to leverage on efficiency in joint operation set-up
- Continued cost efficiency in all operations

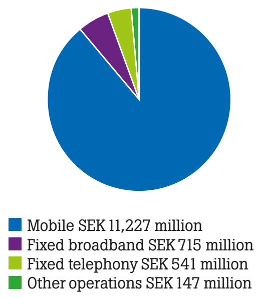
Net sales



EBITDA & EBITDA margin



Net sales per service



Netherlands

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	1,243	1,257	–1%
Net sales	5,744	5,439	3%
of which mobile end-user service revenue	1,404	1,203	14%
EBITDA	445	903	–52%
EBIT[2]	–405	237	

[1] less exchange rate fluctuations
[2] excluding one-off items (Note 6)

2015 in brief

In 2015, Tele2 completed the transition from MVNO to MNO in its quest to become the world's first '4G-only' operator. In addition to rolling out its LTE-advanced 4G network, the company also reached a long-term VULA agreement with KPN enabling Tele2 to offer high speed fixed broadband connectivity to over 85 percent of the country. The company continued to develop products and services for both B2C and B2B customers.

EBITDA amounted to SEK 445 (903) million, reflecting the investment in the MNO rollout as well as maintained price pressure in the fixed broadband market.

Mobile

Thanks to great efforts throughout the year, Tele2 launched in November, the world's first 4G LTE network in the Dutch market with a 4G proposition offering customers great speed, great coverage and big data buckets for the lowest price.

In line with the strategy, Tele2 is successively targeting high value subscribers, resulting in a shift of the subscriber base from low-end sim only 3G customers to high-end value 4G customers as well as increased sales of 4G volte enabled handsets. The total mobile customer base at the end of 2015 amounted to 844,000 (813,000).

MNO Roll out

On January 1, 2015 Tele2 switched on its LTE-Advanced 4G network in the Randstad area, and soon after that the transfer of existing customers to the new network commenced. By the second quarter, the coverage area had expanded to more than 70 percent outdoor population coverage and at the end of the year Tele2's 4G network reached 95 percent outdoor population coverage.

Fixed broadband

In 2015 Tele2 continued to improve its fixed service portfolio, with for example the introduction of a TV-online app for tablets and smartphones, enabling residential customers to also watch TV on up-to three mobile devices via their WiFi in house. In the second half of the year Tele2 announced a long-term contract with KPN, enabling Tele2 to offer its fixed customers speeds up to 100Mb/s. The first pilots with the new VULA connectivity commenced in December. On December 31, 2015, the total residential broadband base was 344,000 (369,000).

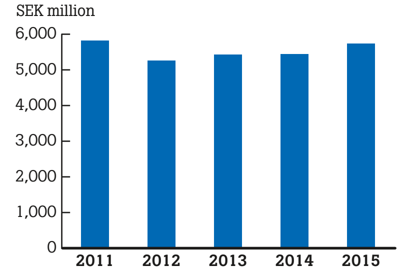
Expansion of the business portfolio

The Dutch B2B team continued to develop new services in line with the growing demand for converged services. As in previous years, Tele2 managed to add several new large clients to its already impressive customer list.

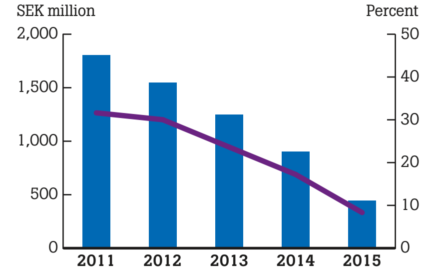
Growth opportunities to go after in 2016

In the first quarter of 2016, Tele2 expects to reach nationwide outdoor population coverage with its LTE-Advanced 4G-network. By the end of the year, the ambition is to achieve indoor population coverage for the entire Dutch population. Tele2 aims to be the first MNO in the world to offer both voice and data services over a 4G-only network, without the need for legacy 2G and 3G technology. The company will continue to invest significantly during the year as part of establishing its brand and proposition in the market and where focus is on attracting high-end 4G data hungry customers with attractive 4G volte enabled handset propositions.

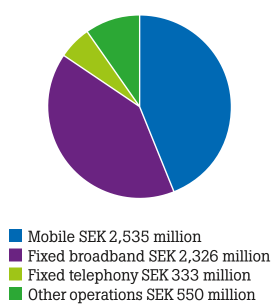
Net sales



EBITDA & EBITDA margin



Net sales per service



Kazakhstan

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	4,400	3,297	33%
Net sales	1,754	1,334	27%
of which mobile end-user service revenue	1,287	978	27%
EBITDA	54	43	23%
EBIT[2]	–225	–178	

[1] less exchange rate fluctuations
[2] excluding one-off items (Note 6)

2015 in brief

2015 has been a successful year for the company despite increased level of competition, and macro headwinds affecting the business environment. The company managed to add 1.1 million customers in the year, growing its base with 33 percent. Furthermore, the company demonstrated, for the second consecutive year, positive EBITDA contribution since commercial launch. Tele2's successful efforts in reducing the MTR rates, resulting in a decrease of 9 percent, has contributed positively to the gross margin.

Most affordable telecom operator

The ongoing competition on the telecommunication market has resulted in increased bucket offers from other operators. As a consequence, Tele2 continued developing bucket price plan offers with limited amount of off-net calls and large amount of data, and unlimited on-net calls. As a result of the new product offers and reduced prices, Tele2 managed to increase its market share up to 20 percent by the end of 2015.

The devaluation of the national currency in the year has affected consumers' spending for mobile services. Quarterly research made by 4Service (international research company), shows a shift in consumer behaviour from earlier in the year, with a larger share choosing the cheaper alternative of up to 1000 Tenge offer. Same research also demonstrated Tele2's tariff "This is it" to be the most profitable offer for that segment.

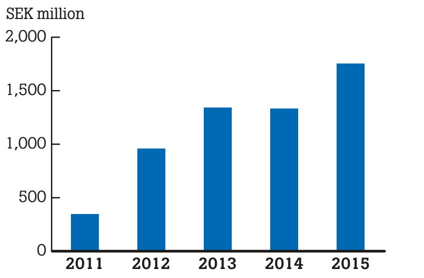
Network expansion to improve quality

During the year, Tele2 Kazakhstan continued to invest in the mobile network to improve the quality perception in the market. Most efforts were concentrated on expanding the geographical coverage, increasing capacity and improving quality.

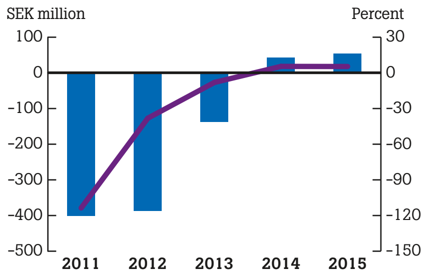
Growth opportunities to go after in 2016

By the end of 2015 Tele2 announced the agreement with Kazakhtelecom to merge their mobile operations in Kazakhstan. The transaction was completed on February 29, 2016. The company's efforts will be on making the integration successful, leverage on the synergies of the combined entity as well as the benefits from a consolidation in the market, allowing the company to become a more sustainable player in Kazakhstan.

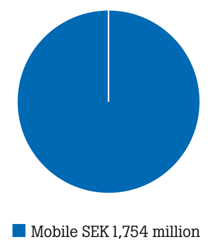
Net sales



EBITDA & EBITDA margin



Net sales per service



Croatia

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	785	823	–5%
Net sales	1,429	1,390	0%
of which mobile end-user service revenue	839	803	1%
EBITDA	138	169	–21%
EBIT	–20	87	

[1] less exchange rate fluctuations

2015 in brief

The main focus in 2015 was the investment in the network with the goal to increase performance and quality as well as to build modern and longer term scalable infrastructure to accommodate growing demand for data. This was achieved with a full network swap that was completed in a record time of nine months. Since mid-December 2015, population coverage reached 99 percent voice services, 97 percent 3G data services and 98 percent of highways with 3G data and voice services

Tele2's subscriber base shrank somewhat as a result of declining prepaid customers, in line with the market trend of a declining share of multi SIM customers.

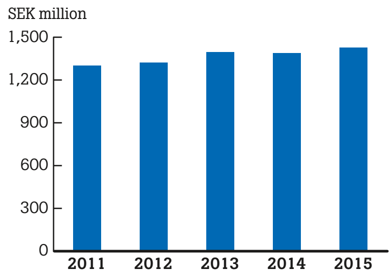
Despite tough competition throughout the year, the company managed to grow its end-user service revenues, much as a result of a successful summer tourist season with highly competitive Tele2 offerings of tourist SIMs and visitor roaming. Towards the end of the year, with the network upgrade finalized and hence customers experiencing the improvement, customer growth has been picking up, especially in the postpaid residential segment.

Growth opportunities to go after in 2016

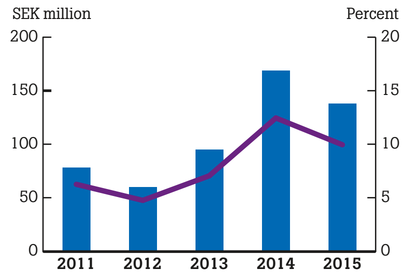
Tele2 will continue to focus on improving customer experience, the milestone being the large scale 4G network with nation-wide coverage which was launched on February 1, 2016. The positive momentum in postpaid residential sales is expected to continue and the company will further develop and expand its focus on the B2B segment.

Further improvements and thus investments will continue, all aimed at providing our customers with new services of good quality and a good customer experience. Regulatory and legislative stability in the country is a necessity to do so.

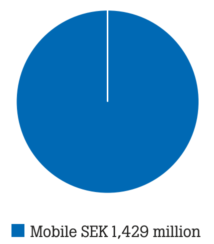
Net sales



EBITDA & EBITDA margin



Net sales per service



Lithuania

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	1,742	1,810	–4%
Net sales	1,519	1,364	8%
of which mobile end-user service revenue	886	847	2%
EBITDA	538	506	3%
EBIT	445	430	

[1] less exchange rate fluctuations

2015 in brief

In 2015, the mobile market regained momentum after a long period of decline and Tele2 was the top performer in terms of net revenue growth. The market continued to be highly competitive with the key players continuing to improve services and offers to the customers.

Key factors of success were the LTE and LTE-Advanced services as 90 percent of the smartphones sold are LTE-enabled. New services like mobile insurance also contributed to growth as well as traditional voice and SMS services driven by higher consumption.

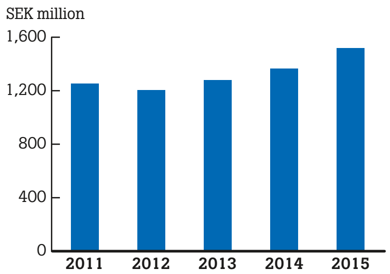
Market leading

In 2015, the company reported the highest mobile revenue among all three operators in the country, increasing by 11 percent compared to last year.

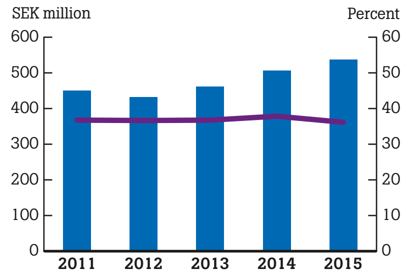
Growth opportunities to go after in 2016

The key priority for Tele2 in 2016 is to continue with the LTE rollout to achieve the target to cover above 90 percent of the population. The company will also continue to aggressively grow its market share in the business segment as well as push further to monetize data. New services will also be a source of growth as the company will benefit on its +50 percent customer market share.

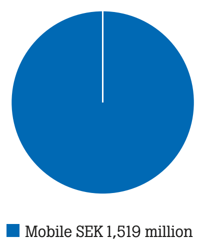
Net sales



EBITDA & EBITDA margin



Net sales per service



Latvia

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	958	975	–2%
Net sales	939	907	1%
of which mobile end-user service revenue	580	551	2%
EBITDA	295	294	–2%
EBIT	173	187	

[1] less exchange rate fluctuations

2015 in brief

Whilst the mobile market in Latvia was characterized by price competition and rapid infrastructure development, Tele2 managed to achieve a high revenue customer profile base and accelerated operational development. This was achieved through efficient deployment of latest technology, upselling and data revenue growth.

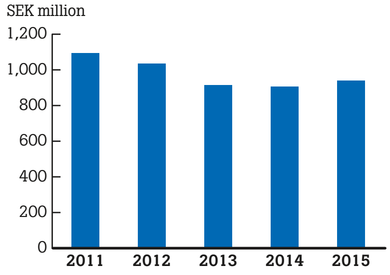
Successful efforts

During the first half year of 2015, Tele2 focused on the LTE rollout of the 800 MHz spectrum, which resulted in 90 percent population coverage by the second half of the year. Furthermore, the company finalized its brand differentiation strategy, introducing a new high value product line aimed at mobile data users. Tele2 also received attention as an excellent service and quality performance provider, resulting in increased trust and reputation with the consumers. During the second half of 2015, the company secured valuable core frequency resources, prolonging licence term for another 10 years.

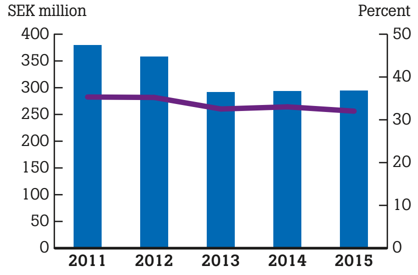
Growth opportunities to go after in 2016

Tele2 will continue to maintain positive momentum and efficiency with focus on sales, customer service excellence and new great commercial offers to strengthen its market position through revenue growth, customer satisfaction and innovation. The key focus in 2016 is the further LTE capacity and LTE Advanced technology rollout, as the mobile data demand is growing at a high rate, as well as increasing territory coverage of LTE.

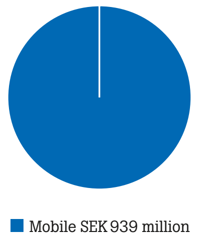
Net sales



EBITDA & EBITDA margin



Net sales per service



Estonia

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	487	491	−1%
Net sales	675	634	4%
of which mobile end-user service revenue	412	382	5%
EBITDA	156	173	−12%
EBIT[2]	42	55	

[1] less exchange rate fluctuations
[2] excluding one-off items (Note 6)

2015 in brief

2015 was characterized by increased demand for data services, resulting in strong mobile end-user service revenue growth for Tele2. Despite the competitive environment, with aggressive telemarketing initiatives throughout the year, the company has managed to sustain a solid profitability level. Furthermore, Tele2 was awarded the best telecom service provider in terms of service and sales quality.

Despite that, an impairment of goodwill of SEK 196 million was recognized in 2015 as a result of the underlying performance of the Estonian economy and Tele2's operation.

Modernisation

During the year, Tele2 made great progress in its 4G-network roll-out, reaching 97 percent population coverage by end of the year. In the second half of 2015 the company implemented triple carrier aggregation LTE-Advanced and achieved download speeds above 300 Mbps which resulted in improved quality index scores and continuous high customer satisfaction.

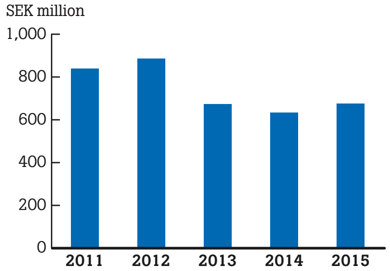
Throughout 2015 Tele2 has successfully migrated customers to data centric bundled subscriptions which has driven both data usage and smartphone penetration.

In 2014, the EBITDA for mobile in Estonia was positively impacted by SEK 20 million as a result of the sales of a mobile license in the 2600 MHz frequency band.

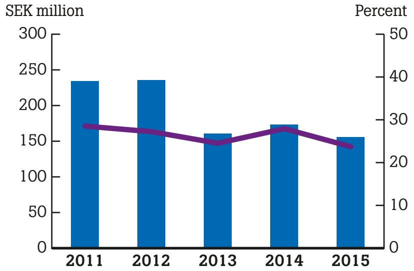
Growth opportunities to go after in 2016

The key priorities for Tele2 in 2016 is to continue monetizing increasing data usage, execute the official merger with Televõrgu while also focusing on increasing carrier services sales.

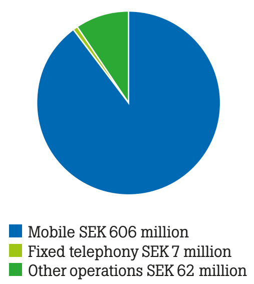
Net sales



EBITDA & EBITDA margin



Net sales per service



Austria

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	233	256	–9%
Net sales	1,188	1,209	–4%
EBITDA	203	231	–15%
EBIT[2]	67	94	

[1] less exchange rate fluctuations
[2] excluding one-off items (Note 6)

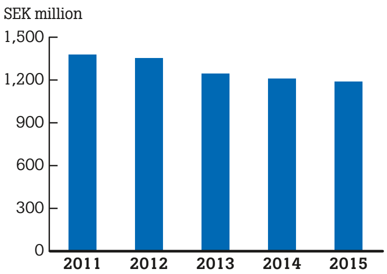
2015 in brief

During the year, Tele2's focus has been on managing the decline in the fixed residential segment whilst building out its B2B positioning in the fixed business. In the fourth quarter the company also launched its new MVNO service for B2B customers. Continuous efforts to deliver on operational excellence targets, resulted in achieving operational efficiencies within the marketing field and network operations, whilst obtaining high level scores in customer satisfaction.

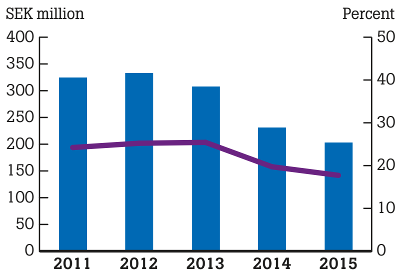
Growth opportunities to go after in 2016

Focus in 2016 will be on growing the B2B segment and mobile B2B services in particular. In the residential segment, Tele2 will continue the retention strategy through high-speed broadband and TV services. Further work on operational efficiencies are to be carried out as part of Tele2's Challenger program.

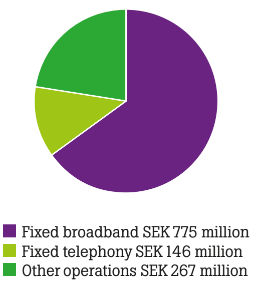
Net sales



EBITDA & EBITDA margin



Net sales per service



Germany

SEK million	2015	2014	Growth[1]
Number of customers (in thousands)	559	709	–21%
Net sales	831	916	–12%
of which mobile end-user service revenue	436	439	–4%
EBITDA	165	131	22%
EBIT[2]	141	78	

[1] less exchange rate fluctuations
[2] excluding one-off items (Note 6)

2015 in brief

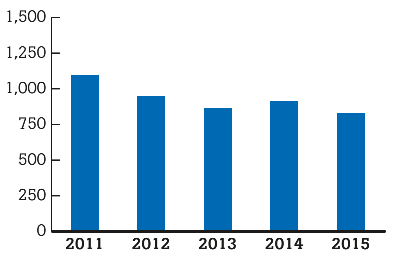
During the year, Tele2's focus has been on profitability and cash contribution for all product segments and emphasis has been on existing customer base. As part of the Challenger program several initiatives have been initiated and the local organization has been downsized.

As a result of the new strategy EBITDA before restructuring costs grew by 26 percent compared to 2014.

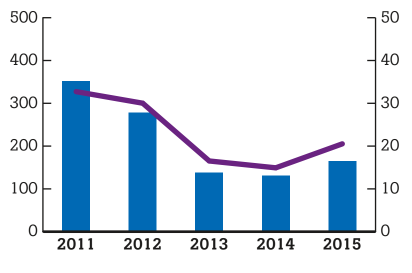
Growth opportunities to go after in 2016

Tele2 will continue to maximize profits from all product segments in 2016 and onwards. On the regulatory side, the company expects a new regulation for preselection and call by call potentially affecting the business as of 2017.

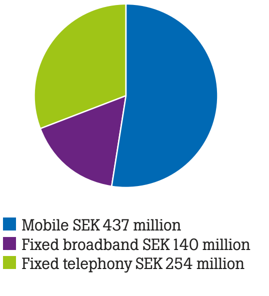
Net sales



EBITDA & EBITDA margin



Net sales per service



Acquisition and divestments

On November 4, 2015 Tele2 announced the agreement with Kazakhtelecom to merge their mobile operations in Kazakhstan, Tele2 Kazakhstan and Altel, in a jointly owned company. Necessary regulatory approvals for the transactions were received end of January 2016 and the transaction was completed on February 29, 2016.

On February 5, 2015 the Norwegian competition authorities announced that they have approved Tele2's divestment of its Norwegian operations to TeliaSonera announced in July 2014. The Norwegian operation was sold for SEK 5.1 billion and resulted in a capital gain in 2015 of SEK 1.7 billion. The divested operation, including capital gain, has been reported separately under discontinued operations in the income statement, with a retrospective effect on previous periods. Further information can be found in Note 36.

Events after the end of the financial year

On March 1, 2016 Tele2 announced that the transaction to merge operations with Kazakhtelecom was completed.

On February 3, 2016 Tele2 announced that Tele2 completed the issuance of a SEK 500 million bond in the Swedish bond market. The issue has a final maturity of 3 years with a floating rate coupon. The bond is issued under the Tele2 EMTN program and will not be listed.

On February 1, 2016 Tele2 announced that Tele2 Croatia has launched a nationwide 4G network, covering 90 percent of the population. Tele2 Croatia is thereby first on the market to offer 4G by default to postpaid and prepaid customers on all tariffs.

On January 29, 2016 Tele2 announced that Tele2 Lithuania has secured 900 and 1800 MHz bands in an auction launched earlier during 2016. The new licenses will ensure continued operations after 2017 when the current licenses expire. They will also contribute to higher quality and lower costs, due to the quality and price ratio that Tele2 has opted for. Tele2 will pay EUR 13.7 million for the spectrum, with 20 percent of the amount charged in 2016 and the rest to be paid over 15 years of the license lifespan.

On January 28, 2016 Tele2 announced several changes in the leadership team. Lars Nordmark was appointed Executive Vice President and CFO and Samuel Skott was appointed Executive Vice President and CEO Tele2 Sweden. Both will be members of the Tele2's Leadership Team as of April 18, 2016. In addition, Malin Holmberg was appointed Executive Vice President and CEO Tele2 Netherlands & Croatia as of April 1, 2016.

On January 28, 2016 Tele2 announced that Tele2 Sweden has entered into a working capital facility of up to SEK 1.7 billion with a relationship bank.

On January 13, 2016 Tele2 entered into a syndicated multi-currency revolving credit facility agreement amounting to EUR 800 million with 11 relationship banks. The facility has a tenor of five years with two one-year extension options and it replaces the existing revolving credit facility dated May 2012. The new facility further strengthens Tele2's financial position and secures a structure of diversified funding sources. The new facility is initially unutilized.

Risks and uncertainty factors

Tele2 works proactively to identify and monitor the most significant risks through an enterprise risk management process. The purpose of this process is to minimize surprises and improve the decision making in order for Tele2 to achieve its strategic, financial, compliance and operational objectives. A description of the risk management process can be found in the Tele2 Corporate Governance report available on Tele2's website www.tele2.com. A summary of the top risks identified and how they are managed is presented below.

The top risks

Availability of frequencies and telecom licences

Tele2's ability to retain customers may be hampered by not obtaining required licences or frequencies, at all or, at a reasonable price. Hence, Tele2 has put in place processes to ensure compliance with licence requirements, increase chances for renewal and extension of existing licences and for obtaining adjacent and new licences. Tele2 also works in close contact with regulators and industry associations to become aware of upcoming licence distributions or redistributions, but the outcome of such distributions is coupled with uncertainty.

New technology and integration of new business models

Tele2's business environment is experiencing continuous changes which may affect our position in the market. These include new forms of connectivity (e.g. "VoIP" and "embedded sim"), new market segments (e.g. machine-to-machine) and changed customer behaviour (such as revenue migration from voice to data). Tele2's senior executives closely monitors technological advances and market changes to adapt its strategies to be able to benefit from their possibilities.

Large scale cyber-attacks

Along with the increased digitalization cyber-attacks are increasing and becoming more advanced. Such attacks presents a continuous and increasing risk to Tele2 and could, if not properly mitigated, lead to major disruptions on customer services and on internal IT infrastructure. Hence, Tele2 works to always have updated security systems and software to prevent intrusions and attacks, perform frequent penetration testing, and ensure solid processes for incident management and escalation.

Data protection

Another area where European regulation is increasing is data protection where breaches of customer's personal information could potentially result in major fines and significant reputational damage. Tele2 works actively to be able to comply with any such requirement and continuously works to strengthen its systems and processes to ensure that our customer's personal data is secured and protected.

Operations in Kazakhstan

The political, economic, regulatory and legal environment as well as the tax system in Kazakhstan is still developing and is less predictable than in countries with more mature institutional structures. This also applies to prevailing corporate governance codes, business practices and the reporting and disclosure standards. These circumstances implies risks to Tele2 and increases the need for thorough ethical considerations when doing business in Kazakhstan, especially as Tele2 does not wholly own the operations in

Kazakhstan in its entirety. A pre-requisite for Tele2 entering into any partnership in Kazakhstan has however always been to have management control, meaning Tele2 holds a majority of the votes in any joint operation there. Another way of managing this risk is to be as transparent as possible about our operations and the measures taken to ensure alignment with the Tele2 way of working and our Code of Business Conduct. Please refer to www.tele2.com for related press releases, memo and whitepaper.

Strategic change management
Tele2 has to realize several large initiatives over the coming years while at the same time adapting to a more service centric organization. Having sufficient capacity, maintaining our competitive advantage in people and effectively managing change will be critical in succeeding with these initiatives. In response to these challenges Tele2 has initiated several human resource related projects with the aim to strengthen our capabilities and are closely monitoring and benchmarking employee engagement and organizational health.

Changes in regulatory legislation
Changes in legislation, regulations and decisions from authorities for telecommunications services can have a considerable effect on Tele2's business operations and the competitive situation in its operating markets. Price regulation, in the area of access and interconnect, have great impact on Tele2, and could also result in a risk for disputes with other operators. Access regulation, which ensures access to incumbents copper and fibre networks, must ensure and protect a well-balanced competition in each market. Tele2 works actively with telecom regulators and industry associations, in order to promote sufficient regulation which supports fair competition in its operating markets.

Mobile networks & service delivery interruptions
The mobile networks are Tele2's major assets and a pre-requisite to be able to deliver a qualitative and profitable service. Any incident or disruption as well as delays in roll-out and upgrades could have serious consequences. Tele2 manages this risk by ensuring changes and upgrades are made in a controlled manner, ensuring redundancy of systems and networks, ensuring back-up of data and performing restoration testing, and by closely monitoring systems and network performance and incidents on a 24/7 basis.

Dependency on suppliers and business partners
Tele2 is dependent on handset manufacturers such as for example Apple and Samsung for attracting customers. Tele2 is also dependent on equipment and network suppliers for rolling out networks and be able to offer good quality access services. In Sweden and the Netherlands, Tele2 has reached agreements with other telecom operators to build and operate common network infrastructures. In some other countries, Tele2 depends on agreements with other network operators to provide mobile services. Any of these third party agreements impose risks, be it in the form of delays in roll-out, limitations for customised development or limitations on operating profitability. Tele2 continuously evaluates existing agreements and the form of its co-operations in dialogue with its partners.

Sweden dependency
Sweden is Tele2's biggest market and contributes a significant portion of the Group's net sales, EBITDA and operating cash flow. This means that any major deviation to the Swedish plans will also have significant impact on Tele2 as a whole. Growing the business in other markets, foremost through the newly launched LTE-Advanced 4G-network in the Netherlands, is not only a way of growing local market shares and revenues, but also a way of reducing the dependence on the Swedish market.

Geopolitical risks
Depending on how the situation evolves the changed geopolitical situation following the Crimea crisis could potentially affect some of Tele2's operations, particularly in the countries bordering Russia. Tele2 is therefore closely monitoring the development and world events and is kept informed by local management, government officials and independent sources.

Financial Risks
Through its operations, the Tele2 Group is exposed to various financial risks such as currency risk, interest risk, liquidity risk and credit risk. Financial risk management is mainly centralized to the Group Treasury function. The aim is to control and minimize the Group's financial risks as well as financial costs, and optimize the relation between risk and cost. Further information on financial risk management can be found in Note 2.

Employees

On December 31, 2015, the number of employees in Tele2 was 5,758 (5,387 excluding Norway). Please refer to Note 32 and Note 33 for additional information regarding Number of employees, split per gender and age groups, and Personnel costs.

Our performance and value driven organization is the foundation for attracting and retaining the right people. An organization where great leadership creates a fertile environment for highly engaged employees. We constantly focus on creating agile and lean ways of working, and we continuously improve the balance between long and short-term perspectives.

Our culture embraces diversity and includes people in decision making. A culture where Tele2 challenges its employees as much as they challenge Tele2 to deliver outstanding customer value. We call it the Tele2 Way.

Focus areas
Our main focus areas within people management are stated below.

Leadership and Tele2 Way
Tele2 is a strongly value driven organization. Our leaders are culture role models and value ambassadors. Historically, our values along with Code of Conduct have been the main guiding principles in professional behaviors of our leaders. Considering the enormous importance of leadership on execution of business strategy and result delivery, Tele2 decided to put even further emphasis on leadership. In 2015 we developed the leadership profile based on corporate values and leadership capabilities. Going forward the profile will be a foundation in setting expectations on our leaders as well as base for recruitment, development and performance assessment. The Tele2 Way's "Walk-the-Talk", our well-known training for managers on Tele2 history, strategy and values, will going forward be expanded with the leadership profile.

Performance and Talent management
Tele2 has a common performance management process for the whole Group, which provides a consistent way of setting goals and assessing performance. It also serves as a foundation to deal with talent management. All employees are assessed in two dimensions:

what and how, i.e. goal completion as well as professional behaviour based on Tele2's corporate values, the Tele2 Way.

When it comes to managing talent, Tele2 strongly supports and encourages internal promotions, both horizontal and vertical. A greater emphasis has been put on diversity, the aim being that the percentage of female managers and leaders reflects the percentage of female employees within the company.

The mapping of top performers, top talents and key roles are conducted every year via the Talking Talent sessions. The purpose of the talent management process is to ensure long-term succession to managerial and key roles, develop the company's existing workforce and minimize business risk if key position holders leave the company.

Learning and Development

Tele2 has a common framework for learning and development based on 70:20:10 principles. According to these principles 70 percent of learning comes from experience, such as learning by doing, job rotation, participation in cross-functional projects and challenging work tasks; 20 percent comes from learning from relationships, such as mentoring, coaching and networking; and 10 percent comes from official training programs such as academic courses, e-learning, books/periodicals and media.

Reward and Recognition

Tele2 offers competitive compensation and benefit packages in order to attract, retain and motivate employees. Tele2's packages are determined by the local market and Tele2 participates in local salary surveys annually to ensure that its offerings remain competitive in terms of base salary, short-term incentives, long-term incentives and benefits. The company believes in pay for performance; high-performing individuals should be rewarded well.

Engagement

Every year, Tele2 conducts an employee survey called 'My Voice'. The survey measures:

- Managers´ leadership capabilities by means of the Leadership Index (LSI);
- Employee engagement;
- Tele2's internal attractiveness as an employer by means of the Net Promoter Score (NPS);
- Tele2 Way Index (TWI), assessing how well we live our corporate values.

A total of 93 percent of all employees participated in the 2015 survey. My Voice showed that a total of 85 (83) percent of Tele2's employees are fully engaged and satisfied, compared to 82 percent for the benchmarked companies. One reason for such good result is that all managers and organizational units each year identify engagement-related goals to work with. Tele2 is very proud of its results and will continue focusing on engagement as engaged employees perform well, walk the extra mile and are personally motivated to make Tele2 an even better place to work.

Employer branding

Tele2 has a common global employer branding standard which consists of employer brand offer, guidance for implementation, career web page, employer branding movie, image library as well as LinkedIn account. The implementation of the concept is localized, i.e. each country defines which channels and activities to use based on local needs and requirements.

Corporate Responsibility (CR)

Tele2's Corporate Responsibility efforts are focused on potential risks and areas where the Group may contribute positively. During 2015, Tele2 chose to incorporate its focus areas within CR into the Group strategy. This is an important step forward and the main aim is that CR-matters shall be taken into consideration in all relevant major decisions Tele2 makes. The areas that have been implemented in the Group strategy are ethics & compliance, privacy & integrity, environment, child protection, and diversity. Organizationally the CR function has been moved to Group Legal for further enhancing the importance of ethics & compliance and the other focus areas as cornerstone elements in being a responsible challenger.

Focus areas

Ethics & compliance

Ethics & Compliance are areas, which are present in all parts of the company and serve as a filter for relevant major decisions. The areas are mainly framed by legal compliance, the Tele2 code of conduct, signed by all employees annually, the Tele2 Business Partner code of conduct, signed by parties doing business with us, and our whistle blowing system, available for everyone. All employees are requested to do an e-learning training on a yearly basis. Compliance is followed up through several activities which are described both in the Corporate Governance Report and on the corporate web. During 2015, the Chairman of the Tele2 Corporate Responsibility Advisory Board (CRAG) proposed a possible CR-checklist for the Board of Directors to use when making decisions and that certain major decisions should include a section regarding CR matters.

Privacy & integrity

We have during the year seen an increase in issues related to privacy & integrity, especially questions in the data protection field. Tele2 deals with questions on data protection and authorities' requests for lawful interception in all countries of operation on a regular basis. This requires continuous monitoring of amendments to the law and confirmation that there are always a legal basis for processing of personal data and request for interception from the authorities. Tele2 has a clear process to assess requests for shut downs of for instance networks, which is particularly relevant in those countries where SORM type legislation exists. Situations when local laws diverge from the principles in the Group's code of conduct need careful considerations to ensure Tele2 does not compromise with integrity and judgment.

One example is the so called data retention case where Tele2 Sweden ceased the storage of data according to the Swedish law on electronic communication (LEK). Tele2 deemed that there was no legal ground to store data after the law had been invalidated by the European Court of Justice. The court's judgment claimed that the law was in conflict with international human rights. After the Swedish Post and Telecom Authority (PTS) filed an injunction against Tele2 Sweden in June 2014, to resume storage of data in accordance with LEK, Tele2 Sweden complied. As an operator Tele2 Sweden is obliged to comply with the regulatory authority's injunction, which is in accordance with the associated UN guiding principles. The case is now in the Swedish Court of Appeal, which decided in April 2015 to request a preliminary ruling from the European Court of Justice concerning the LEK's compatibility with the European Convention on human rights. Tele2 has thus taken the matter as far as possible in the court system and are now awaiting the European Court of Justice ruling.

Privacy & integrity issues will continue to require evaluation, analysis and active standpoints in all countries where Tele2 operates. Tele2 is committed to being transparent and to challenge.

Environment
Within the environmental area Tele2 works to provide smarter solutions to reduce climate change, foremost through our machine-to-machine, M2M, offer. M2M implies that machines talk to each other without the involvement of human beings, resulting in, among other things, that customers can automize, standardize and install their routines and systems remotely which reduce energy consumption and physical travel. M2M is currently one of the fastest growing business areas within Tele2 with several new partnerships and customers during the year.

Child protection
Within child protection Tele2 takes a clear stand against sexual abuse images online and whenever we find such content online, we block the site immediately. We do this in all nine countries we operate in.

Tele2 cooperates with INTERPOL that classifies which images and domains that contain child sexual abuse content. We also check and take action in our own organization, meaning that we have systems for detecting if any Tele2 employee tries to access such content.

Diversity
Diversity is one of Tele2's most recent focus areas under CR. The planning and execution of goals and targets within diversity will take form during 2016.

Being explicit internally and externally about our priorities is crucial to be able to be a responsible challenger. Thereby resources are dedicated to the areas where they are best utilized, something that works well all the way from the board to employees.

Review of the Board

The Tele2 Corporate Responsibility Advisory Group (CRAG) is composed of the board members Carla Smits-Nusteling and Erik Mitteregger, where Erik also is the Chairman. Participating from the leadership team is CEO Allison Kirkby and Group General Counsel Caroline Fellenius-Omnell. In addition, Tele2's CR Director is part of the advisory group. In the four ordinary CRAG meetings during the year, the discussions involved anti-corruption and ultimate beneficiary owners, human rights due diligences, the United Nations guiding principles and compliance, the EU Directive on non-financial disclosures, progress of stakeholder dialogues, and privacy and data protection. During one of the meetings the entire Tele2 board was invited.

The work to integrate CR in all the Group's processes, governance and control measures has continued and among other things resulted in CR-matters becoming incorporated in the Group strategy as described above.

Responsible challenger

On November 4, 2015, Tele2 announced the agreements to buy Asianet's interests in Tele2 Kazakhstan and to form a jointly owned company with Kazakhtelecom by combining the two businesses' mobile operations in Kazakhstan, Tele2 Kazakhstan and Altel. Upon completion Tele2 will have a 49 percent economic ownership, but 51 percent of the voting rights, in the holding company that will own and control the jointly owned company. As part of the transaction, Tele2 will at closing acquire Asianet's existing 49 percent stake in Tele2 Kazakhstan for an initial payment of USD 15 million (SEK 125 million) and a deferred consideration equivalent to an 18 percent economic interest in the jointly owned company during a three year period. Therefore, the purchase agreement with Asianet means that Tele2's effective economic interest in the jointly owned company during the first three years will be 31 percent (please refer to Note 15). The jointly owned company will implement Tele2's corporate governance standards and procedures and code of conduct. Kazakhtelecom has undertaken to comply with Tele2's code of conduct and Tele2 has reserved the right to exit from the jointly owned company in the event of material breaches of the code of conduct by Kazakhtelecom.

During the negotiations and prior to signing the agreement with Kazakhtelecom, Tele2 conducted a thorough due diligence and analysis, not only focusing on commercial and legal aspects of the agreement, but also on human rights and corporate responsibility. The due diligence encompassed the transaction itself and those parties involved in the agreement. The due diligence was performed to ensure that the transaction and the new business are aligned to the ethical standards of Tele2's code of conduct (CoC) and the United Nations guiding principles on human rights (UNGP). Around ten reports were authored and presented to Tele2. When announcing the agreement, Tele2 also published a CR report with focus on the Corporate Responsibility aspects of the deal. The report is available on Tele2's website www.tele2.com.

We are confident that the new jointly owned company will serve as a vehicle for development in Kazakhstan. This will be achieved, first and foremost, by growing the combined business and improving the availability and quality of telecommunication services in Kazakhstan.

There is no substitute for hard work

At Tele2, we work hard at being a "Responsible Challenger". With this in mind we always aim to be on top of CR matters that are relevant and important to our most important stakeholders. Telco operators have come under significant scrutiny over their operations in the Eurasian region during the past year. And so, in January 2015, Tele2 proactively presented a White Paper on its operations in Kazakhstan to increase transparency on how we have done and still do ethical business in that market. As part of this White Paper, Tele2 shared findings from third party investigations by two independent firms. The investigations for the White Paper and the later performed Due Diligence associated with the intended merger of Tele2's operations in Kazakhstan with Kazakhtelecom's mobile operations, identified that there are some risk factors for Tele2 in Kazakhstan such as, for example, human rights risks, ownership related risks and risks for corruption. Therefore, Tele2 will continuously monitor, evaluate and work to mitigate those risks in order to live up to its "Responsible Challenger" ambitions and commitments. For additional information please refer to the CR report and the White Paper on Tele2's website www.tele2.com.

In March 2015, Tele2 got ranked number one out of the largest Sweden based companies for transparency in corporate reporting. The study was conducted by Transparency International Sweden and also concluded that Tele2 ranked number one in the aggregated index in an international context.

In 2014 Tele2 became included in the leading sustainability index – FTSE4Good. Their review in June 2015 showed that Tele2 keeps its high standards and therefore continues to be a part of the FTSE4Good Index series.

For additional reporting and information about Tele2's CR work, please refer to Note 38 and the corporate website for the GRI-index, in accordance with G4 from Global Reporting Initiative.

Work of the Board of Directors

The Board of Directors is appointed by the Annual General Meeting for terms extending until the next Annual General Meeting. At the Annual General Meeting in May 2015, Eamonn O'Hare was appointed as new Board member, Mia Brunell Livfors and Lars Berg left the Board, while the other Board members were re-elected. In addition, Mike Parton was re-elected as Chairman of the Board of Directors. In September 2015, Mario Zanotti announced that he has decided to resign as a Board of Director. As a result of this, the Board thereafter consist of six members.

The Board is responsible for the company's organization and management, and is composed in such a way as to enable it to effectively support and manage the work of the company's senior executives. The Board makes decisions on overall strategies, organizational matters, acquisitions, divestments, corporate transactions, major investments, and establishes the framework of Tele2's operations by defining the company's financial goals and guidelines. In 2015, the Board convened 5 times at different locations in Europe. In addition, 11 per capsulam meetings and 7 telephone conference meetings were held.

In order to carry out its work more effectively, the Board has appointed members for a Remuneration Committee and an Audit Committee with special tasks. These committees are the Board's preparatory bodies and do not reduce the Board's overall and joint responsibility for the handling of the company and the decisions made. Furthermore, where needed, the Board appoints members to form preparatory working groups on topics of special interest, such as questions regarding dividends and capital structure and the Corporate Responsibility Advisory Group for questions regarding corporate responsibility related risks and opportunities.

The Remuneration Committee's main work includes presenting recommendations to the Board regarding remuneration and terms of employment for CEO and other senior executives. The recommendations, including recommendations for long-term incentive programmes are submitted by the Board to the AGM for adoption.

The Audit Committee has the primary task of assisting the Board in its supervision and review of the internal and external audit processes, and reviewing and ensuring the quality of the company's external financial reporting. Furthermore, the Audit Committee supervises the internal control functions of the company.

Additional information is stated in Tele2's separate Corporate Governance Report available on Tele2's website www.tele2.com. Remuneration to the Board is stated in Note 33.

Proposal of remuneration guidelines for senior executives

The Board proposes the following guidelines for determining remuneration for senior executives for 2016, to be approved by the Annual General Meeting in May 2016.

The objectives of Tele2's remuneration guidelines are to offer competitive remuneration packages to attract, motivate, and retain key employees within the context of an international peer group. The aim is to create incentives for the management to execute strategic plans and deliver excellent operating results, and to align management's incentives with the interests of the shareholders. Senior executives covered by the proposed guidelines include the CEO and members of the Leadership Team ("senior executives"). At year-end, Tele2 had ten senior executives.

Remuneration to the senior executives should comprise annual base salary, and variable short-term incentive (STI) and long-term incentive (LTI) programs. The STI shall be based on the performance in relation to established objectives. The objectives shall be related to the company's overall result and the senior executives' individual performance. The STI can amount to a maximum of 100 percent of the annual base salary.

Over time, it is the intention of the Board to increase the proportion of variable performance-based compensation as a component of the senior executives' total compensation.

Other benefits may include e.g. company cars and for expatriated senior executives e.g. housing benefits for a limited period of time. The senior executives may also be offered health care insurances.

The senior executives are offered defined contribution pension plans. Pension premiums for the CEO can amount to a maximum of 25 percent of the annual salary (base salary and STI). For the other senior executives pension premiums can amount to a maximum of 20 percent of the annual salary (base salary and STI).

The maximum period of notice of termination of employment shall be 12 months in the event of termination by the CEO and six months in the event of termination by any of the other senior executives. In the event of termination by the company, the maximum notice period during which compensation is payable is 18 months for the CEO and 12 months for any of the other senior executives.

Under special circumstances, the Board may deviate from the above guidelines. In such a case, the Board is obligated to give account of the reason for the deviation during the following Annual General Meeting.

Board Members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board of Directors.

There are no deviations during 2015 compared with the remuneration guidelines for senior executives approved by the Annual General Meeting in May 2014 and May 2015.

The guidelines for 2015 as proposed by the Board and approved by the Annual General Meeting in May 2015 are stated in Note 33 Personnel costs.

Parent company

Tele2 AB's shares are listed on the NASDAQ Stockholm Large Cap list under the ticker symbols TEL2 A and TEL2 B. Tele2's fifteen largest shareholders on December 31, 2015 hold shares corresponding to 55 percent of the capital and 66 percent of the voting rights, of which Investment AB Kinnevik owns 30 percent of the capital and 48 percent of the voting rights. No other shareholder owns, directly or indirectly, more than 10 percent of the shares in Tele2.

The Board of Directors received authorization from the Annual General Meeting in May 2015 to purchase up to 10 percent of the shares in the company, which the Board has not made use of.

For further information on the number of shares and their conditions and important agreements which cease to apply if control over the company is changed, see Note 24 Equity, numbers of shares and earnings per share.

The parent company performs Group functions and conducts certain Group wide development projects. In 2015, the parent company paid to its shareholders an ordinary dividend of SEK 4.85 per share for 2014 and an extraordinary dividend of SEK 10.00 per share, corresponding to a total of SEK 6,626 million.

Proposed appropriation of profit

The Board propose that, from the SEK 5,345,791,730 at the disposal of the Annual General Meeting, an ordinary dividend of SEK 5.35 per share should be paid to shareholders, corresponding on December 31, 2015 to SEK 2,387,107,763, and that the remaining amount, SEK 2,958,683,967, should be carried forward.

Based on this annual report, the consolidated financial statements and other information which has become known, the Board has considered all aspects of the parent company's and the Group's financial position. This evaluation has led the Board to the conclusion that the dividend is justifiable in view of the requirements that the nature and scope of and risks involved in Tele2's operations have on the size of the company's and the Group's equity as well as on its consolidation needs, liquidity and financial position in general.

Consolidated income statement

SEK million	Note	2015	2014
CONTINUING OPERATIONS			
Net sales	4, 5	26,856	25,955
Cost of services provided	6	–16,653	–15,054
Gross profit		**10,203**	**10,901**
Selling expenses	6	–5,094	–5,298
Administrative expenses	6	–2,917	–2,518
Result from shares in joint ventures and associated companies	16	–5	–14
Other operating income	7	401	647
Other operating expenses	8	–141	–228
Operating profit	4, 6	**2,447**	**3,490**
Interest income	9	8	18
Interest costs	10	–384	–396
Other financial items	11	–59	388
Profit after financial items		**2,012**	**3,500**
Income tax	12	–744	–874
NET PROFIT FROM CONTINUING OPERATIONS		**1,268**	**2,626**
DISCONTINUED OPERATIONS			
Net profit/loss from discontinued operations	36	1,718	–415
NET PROFIT	4	**2,986**	**2,211**
ATTRIBUTABLE TO			
Equity holders of the parent company		2,986	2,211
Earnings per share, SEK	24	6.69	4.96
Earnings per share, after dilution, SEK	24	6.65	4.93
FROM CONTINUING OPERATIONS			
ATTRIBUTABLE TO			
Equity holders of the parent company		1,268	2,626
Earnings per share, SEK		2.84	5.89
Earnings per share, after dilution, SEK		2.82	5.86

Financial statements

Consolidated comprehensive income

SEK million	Note	2015	2014
NET PROFIT		**2,986**	**2,211**
OTHER COMPREHENSIVE INCOME			
COMPONENTS NOT TO BE RECLASSIFIED TO NET PROFIT			
Pensions, actuarial gains/losses	33	38	–82
Pensions, actuarial gains/losses, tax effect	12	–9	18
Total components not to be reclassified to net profit		**29**	**–64**
COMPONENTS THAT MAY BE RECLASSIFIED TO NET PROFIT			
Exchange rate differences			
Translation differences in foreign operations		–1,420	1,137
Tax effect on above	12	305	–179
Reversed cumulative translation differences from divested companies	15	19	–3
Translation differences		*–1,096*	*955*
Hedge of net investments in foreign operations		–49	4
Tax effect on above	12	11	–1
Reversed cumulative hedge from divested companies	15	–107	–
Hedge of net investments		*–145*	*3*
Total exchange rate differences		**–1,241**	**958**
Cash flow hedges			
Gain/loss arising on changes in fair value of hedging instruments	2, 8	–40	–172
Reclassified cumulative loss to income statement	2	83	61
Tax effect on cash flow hedges	12	–10	25
Total cash flow hedges		**33**	**–86**
Total components that may be reclassified to net profit		**–1,208**	**872**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–1,179**	**808**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,807**	**3,019**
ATTRIBUTABLE TO			
Equity holders of the parent company		1,807	3,019

Consolidated balance sheet

SEK million	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	13	8,661	9,503
Other intangible assets	13	4,437	4,913
Total intangible assets		**13,098**	**14,416**
Tangible assets			
Machinery and technical plant	14	8,749	8,442
Other tangible assets	14	2,843	2,696
Total tangible assets		**11,592**	**11,138**
Financial assets			
Shares in joint ventures and associated companies	16	7	13
Other financial assets	17	1,456	1,646
Total financial assets		**1,463**	**1,659**
Deferred tax assets	12	1,964	2,062
TOTAL NON-CURRENT ASSETS		**28,117**	**29,275**
CURRENT ASSETS			
Inventories	18	692	500
Current receivables			
Accounts receivable	19	2,163	2,389
Current tax receivables		103	25
Other current receivables	20	3,344	2,193
Prepaid expenses and accrued income	21	1,591	1,444
Total current receivables		**7,201**	**6,051**
Current investments	22	32	38
Cash and cash equivalents	23, 31	107	151
TOTAL CURRENT ASSETS		**8,032**	**6,740**
ASSETS CLASSIFIED AS HELD FOR SALE	15, 36	–	3,833
TOTAL ASSETS	4	**36,149**	**39,848**

Continued Consolidated balance sheet

SEK million	Note	Dec 31, 2015	Dec 31, 2014
EQUITY AND LIABILITIES			
EQUITY			
Attributable to equity holders of the parent company			
Share capital	24	564	561
Other paid-in capital		4,985	4,985
Reserves		205	1,413
Retained earnings		12,147	15,721
Total attributable to equity holders of the parent company		**17,901**	**22,680**
Non-controlling interest	24	–	2
TOTAL EQUITY		**17,901**	**22,682**
NON-CURRENT LIABILITIES			
Interest-bearing			
Liabilities to financial institutions and similar liabilities	25	4,158	4,263
Provisions	26	874	760
Other interest-bearing liabilities	25	587	330
Total interest-bearing liabilities		**5,619**	**5,353**
Non-interest-bearing			
Deferred tax liability	12	697	358
Total non-interest-bearing liabilities		**697**	**358**
TOTAL NON-CURRENT LIABILITIES		**6,316**	**5,711**
CURRENT LIABILITIES			
Interest-bearing			
Liabilities to financial institutions and similar liabilities	25	4,827	2,495
Provisions	26	52	47
Other interest-bearing liabilities	25	493	1,295
Total interest-bearing liabilities		**5,372**	**3,837**
Non-interest-bearing			
Accounts payable	25	2,746	2,848
Current tax liabilities		85	291
Other current liabilities	25	502	467
Accrued expenses and deferred income	27	3,227	3,263
Total non-interest-bearing liabilities		**6,560**	**6,869**
TOTAL CURRENT LIABILITIES		**11,932**	**10,706**
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	15, 36	–	749
TOTAL EQUITY AND LIABILITIES	4	**36,149**	**39,848**

Consolidated cash flow statement

(total operations)

SEK million	Note	2015	2014
OPERATING ACTIVITIES			
Cash flow from operations before changes in working capital			
Operating profit from continuing operations		2,447	3,490
Operating profit from discontinued operations	36	1,702	–388
Operating profit		**4,149**	**3,102**
Adjustments for non-cash items in operating profit			
Depreciation and amortization	6	2,873	3,097
Impairment	6	211	25
Result from shares in joint ventures and associated companies	16	5	15
Gain/loss on sale of fixed assets and operations	7–8	–1,858	–257
Incentive program		40	29
Interest received		10	26
Interest paid		–290	–306
Finance items paid		–190	34
Taxes paid	12	–349	–327
Cash flow from operations before changes in working capital	31	**4,601**	**5,438**
Changes in working capital			
Inventories	18	–217	–22
Operating receivables		–1,088	261
Operating liabilities		233	–1,099
Changes in working capital	31	**–1,072**	**–860**
CASH FLOW FROM OPERATING ACTIVITIES		**3,529**	**4,578**
INVESTING ACTIVITIES			
Acquisition of intangible assets	31	–622	–726
Sale of intangible assets	31	–	24
Acquisition of tangible assets	31	–3,413	–3,476
Sale of tangible assets	31	20	32
Acquisition of shares in group companies	15	–	6
Sale of shares in group companies	15	4,892	677
Acquisition of shares in associated companies	15	–	–4
Capital contribution to/repayment from associated companies	15	–4	–5
Sale of associated companies	15	5	–
Other financial assets, lending		–32	–255
Other financial assets, received payments		4	20
Cash flow from investing activities		**850**	**–3,707**
CASH FLOW AFTER INVESTING ACTIVITIES		**4,379**	**871**
FINANCING ACTIVITIES			
Proceeds from credit institutions and similar liabilities	25	3,781	1,365
Repayment of loans from credit institutions and similar liabilities	25	–1,346	–1,542
Repayment of other interest-bearing lending	25	–159	–23
Dividends	24	–6,626	–1,960
New share issues	24	3	–
Repurchase of own shares	24	–3	–
Dividends to non-controlling interests		–2	–
Cash flow from financing activities		**–4,352**	**–2,160**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**27**	**–1,289**
Cash and cash equivalents at beginning of the year	23	151	1,348
Exchange rate differences in cash and cash equivalents	23	–71	92
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23, 31	**107**	**151**

For cash flow from discontinued operations, please refer to Note 36.
For additional cash flow information, please refer to Note 31.

Change in consolidated equity

		Attributable to equity holders of the parent company							
SEK million	Note	Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at January 1, 2014		**561**	**4,985**	**–357**	**898**	**15,502**	**21,589**	**2**	**21,591**
Net profit		–	–	–	–	2,211	2,211	–	2,211
Other comprehensive income for the year, net of tax		–	–	–83	955	–64	808	–	808
Total comprehensive income for the year		**–**	**–**	**–83**	**955**	**2,147**	**3,019**	**–**	**3,019**
OTHER CHANGES IN EQUITY									
Share-based payments	33	–	–	–	–	29	29	–	29
Share-based payments, tax effect	33	–	–	–	–	3	3	–	3
Dividends	24	–	–	–	–	–1,960	–1,960	–	–1,960
EQUITY AT DECEMBER 31, 2014		**561**	**4,985**	**–440**	**1,853**	**15,721**	**22,680**	**2**	**22,682**
Equity at January 1, 2015		**561**	**4,985**	**–440**	**1,853**	**15,721**	**22,680**	**2**	**22,682**
Net profit		–	–	–	–	2,986	2,986	–	2,986
Other comprehensive income for the year, net of tax		–	–	–112	–1,096	29	–1,179	–	–1,179
Total comprehensive income for the year		**–**	**–**	**–112**	**–1,096**	**3,015**	**1,807**	**–**	**1,807**
OTHER CHANGES IN EQUITY									
Share-based payments	33	–	–	–	–	40	40	–	40
New share issues	24	3	–	–	–	–	3	–	3
Repurchase of own shares	24	–		–	–	–3	–3	–	–3
Dividends	24	–	–	–	–	–6,626	–6,626	–	–6,626
Dividends to non-controlling interests		–	–	–	–	–	–	–2	–2
EQUITY AT DECEMBER 31, 2015		**564**	**4,985**	**–552**	**757**	**12,147**	**17,901**	**–**	**17,901**

Notes to the consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES AND OTHER INFORMATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU at the date of publication of this annual report. The Group also applies the Swedish Financial Reporting Board recommendation RFR 1 *Supplementary Accounting Rules for groups* which specifies additional disclosures required under the Swedish Annual Accounts Act.

The financial reports are prepared on the basis of historical cost, apart from financial instruments which are normally carried at amortized cost, with the exception of other non-current securities and derivatives which are carried at fair value.

Change in accounting principles

From 2015 the new standards, amendments and interpretations presented below are applied.

New and amended IFRS standards and IFRIC interpretations

The amended IFRS standards and new interpretations from IFRS IC (IFRIC 21 *Levies* and Annual Improvements to IFRSs 2011–2013), which became effective January 1, 2015, have had no material effect on the consolidated financial statements.

Tele2 has applied the Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* and Annual Improvements to IFRSs 2010–2012 in advance of the effective date (effective for annual periods beginning on or after February 1, 2015). This have had no material effect on the consolidated financial statements.

New regulations

The following new and revised standards have been issued by the International Accounting Standards Board (IASB) and endorsed by the EU:

- Amendments to: IAS 1 *Disclosure Initiative*, IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*, IAS 16 and IAS 41 *Bearer Plants*, IAS 27 *Equity Method in Separate Financial Statements*, IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* and Annual Improvements to IFRSs 2012–2014 (effective for annual periods beginning on or after January 1, 2016).

IASB has also issued, which have not yet been endorsed by the EU:

- IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods beginning on or after January 1, 2016),
- Amendments to: IFRS 10, IFRS 12 and IAS 28 *Investment Entities – Applying the Consolidation Exception* (effective for annual periods beginning on or after January 1, 2016),
- Amendments to: IAS 7, *Disclosure Initiative* and IAS 12 *Recognition of Deferred Tax Assets for Unreleased Losses* (effective for annual periods beginning on or after January 1, 2017),
- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after January 1, 2018),
- IFRS 9 *Financial Instruments* (effective for annual periods beginning on January 1, 2018),
- IFRS 16 *Leases* (effective for annual periods beginning on January 1, 2019) and
- Amendments to: IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (no decided effective date).

IFRS 15 replaces all previously published standards and interpretations concerning revenue recognition and provides detailed guidance for example for bundled offers, contract modifications and expenses directly associated with signing a customer contract as well as additional disclosures. Tele2's current preliminary opinion is that the existing accounting principles concerning revenue recognition of bundled offers related to the allocation between equipment and services is in line with IFRS 15. The model that Tele2 applies today may need to be somewhat adjusted to completely fulfil the requirements in the new standard. For contract modifications IFRS 15 provide guidelines to whether the changes should be recorded retroactively or prospectively. The effect on the financial statements of Tele2, if any, will be analysed further. Expenses directly associated with the signing of customer contracts may include retailer sales provisions and subsidies of equipment given to retailers for specific contracts. These initial expenses shall be activated and amortized over the contract length if they are recoverable. If the contract period is less than one year the expenses may be recognized as cost when incurred. Today these initial expenses are recognized as cost in the period in which they occur. The effects to the financial statements will be further analysed and presented before the new standard becomes effective.

IFRS 16 replaces the previous leasing standard and related interpretations and brings in a new definition of a lease that will be used to identify whether a contract contains a lease. For a lessee IFRS 16 introduces a single accounting treatment; the recognition of a right-of-use asset and a lease liability. For lessors the finance and operating lease distinction and accounting remains largely unchanged. IFRS 16 will most likely bring a large number of new assets and liabilities onto the balance sheet and will have an impact on reported profit and performance measures such as for example EBITDA and CAPEX. The effects on the Tele2 financial statements will be analysed and presented before the new standard becomes effective.

The other new and revised standards are estimated to have no material effect for Tele2.

Consolidation

Subsidiaries

The consolidated accounts include the parent company and companies in which the parent company directly or indirectly holds more than 50 percent of the voting rights or in any other way has control. Control is achieved when Tele2 is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The consolidated accounts are prepared in accordance with the acquisition method. This means that consolidated equity only includes the subsidiary's equity that has arisen after the acquisition and the consolidated income statements only include earnings from the date of acquisition until the date of divestment, if the subsidiary is sold. The Group's acquisition value of the shares in subsidiaries consists of the total of the fair value at the time of the acquisition of what was paid in cash, incurred liabilities to former owners or emitted shares, the value of the non-controlling interests in the acquired subsidiary and the fair value of the previously owned share. Contingent consideration is included in the acquisition value and is reported at its fair value at the time of the acquisition. Subsequent effects from the revaluation of contingent consideration are reported in the income statement. Acquired identifiable assets and assumed liabilities are reported initially at their fair value at the time of the acquisition. Exemptions from this principle are made for acquired tax assets/liabilities, employee benefits, share-based payment awards and assets held for sale which are measured according to the principles described below for each item. Exemptions are also made for indemnity

Continued Note 1

assets and reacquired rights. Indemnity rights are valued according to the same principle as the indemnified item. Reacquired rights are valued based on the remaining contractual period even if other market participants would consider the possibilities for contract renewal when doing the valuation. Reported goodwill is measured as the difference between on the one hand the total purchase price for the shares in the subsidiary, the value of the non-controlling interests in the acquired subsidiary and the fair value of the previously owned share and on the other hand the Group's reported value of acquired assets and assumed liabilities. Acquisition related costs (transaction costs) are recognized as expenses in the period in which they arise.

Non-controlling interest is reported at the time of the acquisition either at its fair value or at its proportional share of the Group's reported value of the acquired subsidiary's identified assets and liabilities. The choice of valuation method is made for each business combination. Subsequent profit or loss and other comprehensive income that are related to the non-controlling interests are allocated to the non-controlling interest even if it leads to a negative value for the non-controlling interest.

The acquisition of a non-controlling interest is accounted for as a transaction between the equity holders of the parent company and the non-controlling interest. The difference between paid purchase price and the proportional share of the acquired net assets is reported in equity. Thus no goodwill arises in connection with such transactions.

When the Group loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interests and
- the previous carrying amount of the assets (including goodwill), and liabilities and any non-controlling interests

Any gain or loss is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to that subsidiary are reclassified to profit or loss.

Joint arrangements

Joint arrangements are arrangements of which two or more parties have a joint control. Joint arrangements are classified either as joint operation or joint venture. For joint operations Tele2 reports its part of assets, liabilities, revenues and expenses and its share of joint assets, liabilities, revenues and expenses line by line in the consolidated financial statements. Sales and other transactions with joint operations are eliminated in the consolidated financial statements. For Tele2 joint operations consists of jointly owned companies. Joint ventures are arrangements where Tele2 has right to the net assets and are accounted for under the equity method. This means that the Group's carrying amount of the shares in the joint venture corresponds to the Group's share of equity as well as any residual value of consolidated surplus values after application of the Group's accounting principles. The Group's share of the joint venture's profit or loss after tax is reported under "Operating profit", along with depreciation of the acquired surplus value.

At the acquisition of a share in a joint arrangement a purchase price allocation is prepared at the acquisition date. The acquisition date is the date when the Group becomes a part to and jointly shares the control of the joint arrangement. The starting-point for the purchase price allocation consists of the acquisition value of the share in the joint arrangement. The acquisition value is allocated on the Group's share of the acquisition date fair values of acquired assets and assumed liabilities including related deferred taxes and any goodwill.

Associated companies

Associated companies are companies in which Tele2 has a voting power of between 20 percent and 50 percent or has significant influence in some other way.

Associated companies are accounted for in accordance with the equity method. This means that the Group's carrying amount of the shares in the company corresponds to the Group's share of equity as well as any book value of consolidated surplus values after application of the Group's accounting principles. The share of the company's profit or loss after tax is reported under "Operating profit", along with depreciation of the acquired surplus value.

Foreign currency

The accounts of all foreign group companies, joint arrangements and associated companies are prepared in the currency used in the primary economic environment of each company, i.e. the functional currency which is normally the local currency.

The assets and liabilities of foreign group companies, joint arrangements and associated companies are translated into Tele2's reporting currency (SEK) at the closing exchange rates, while revenues and expenses are translated at the period's average exchange rates. Exchange rate differences arising from translation are reported in other comprehensive income. When foreign group companies, joint arrangements and associated companies are divested, the accumulated exchange rate difference attributable to the sold operation is recognized in the income statement.

Goodwill and adjustments at fair value that are made in connection with the acquisition of a foreign operation are treated as assets and liabilities in the functional currency of the acquired operation.

Discontinued operations

A discontinued operation is a component of the Group which either has been disposed of or is classified as held for sale, and represents a separate line of business or geographical area of operation. A discontinued operation is reported separately from continuing operations in the income statement, and comparable information for prior periods is re-presented.

Assets classified as held for sale and associated liabilities are presented separately on the face of the balance sheet. Prior periods are not affected. Assets classified as held for sale are valued at the lower of carrying value and fair value less costs to sell (Note 36).

Revenue recognition

Net sales include customer related revenue from services within mobile and fixed telephony, broadband and cable TV, such as connection charges, subscription charges, call charges, data and information services and other services. Net sales also include interconnect revenue from other operators and income from the sale of products such as mobile phones and modems. Revenues are reported at fair value which usually is the selling value, less discounts and VAT.

Connection charges are recognized at the time of the sale to the extent that they cover the connection costs. Any excess is deferred and amortized over the estimated contract period. Subscription charges for mobile and fixed telephony services, cable TV, ADSL, dial-up internet, leased capacity and internet connection for direct access customers are recognized in the period covered by the charge. Call charges and interconnect revenue are recognized in the period during which the service is provided. Revenue from the sale of products is recognized at the time the product is supplied to the customer. Revenue from the sale of cash cards is recognized based on the actual use of the card or at the expiry date.

Revenue from data and information services such as text messages and ring tones is recognized when the service is provided. When Tele2 acts as an agent for another supplier, the revenue is reported net, i.e. only the part of the revenue that is allocated to Tele2 is reported as revenue.

Revenue recognition for agreements ontaining multiple deliverables

For customer agreements containing multiple deliverables or parts, the contracted revenue is allocated to each part, based on its relative fair value to the total fair value of the offering. Services invoiced based on usage are not included in the allocation. Revenues for each part are recognized in the period the component is delivered to the customer. If functionally important parts have not been delivered and the fair value of any of these is not available, revenue recognition is postponed until all important parts have been delivered and the fair value of non-delivered parts has been determined.

Continued Note 1

Operating expenses
Operating expenses are classified according to function, as described below. Depreciation and amortization and personnel costs are stated by function. Total costs for depreciation and amortization are presented in Note 6 and total personnel costs are presented in Note 33.

Cost of services provided
Cost of services provided consists of costs for renting networks and capacity, interconnect charges as well as costs for equipment sold (e.g. handsets) to the extent the costs are covered by recognized revenues. The cost of services provided also includes the part of the cost for personnel, premises, purchased services and depreciation and amortization of non-current assets attributable to the production of sold services.

Selling expenses
Selling expenses include costs for the internal sales organization, purchased services, personnel costs, rental costs, bad debt losses as well as depreciation and amortization of non-current assets attributable to sales activities. Advertising and other marketing activities as well as costs for discounts and subsidies for equipment sold are also included and are expensed as incurred.

Administrative expenses
Administrative expenses consist of the part of the personnel costs, rental costs, purchased services as well as depreciation and amortization of non-current assets attributable to the other joint functions. Costs associated with the Board of Directors, executive management and corporate functions are included in administrative expenses.

Other operating income and other operating expenses
Other operating income and other operating expenses include secondary activities, exchange rate differences in operating activities and gain/loss on the sale of tangible and intangible assets.

Employee benefits
The average number of employees (Note 32) as well as salaries and remuneration (Note 33) in companies acquired during each year are reported in relation to how long the company has been part of the Tele2 Group.

Share-based payments
Tele2 grants share-based instruments to certain employees.

Share-based payments are mainly settled with the company's own shares. The costs for share-based payments are based on the fair value of the share rights calculated by an independent party at the date of grant. These payments are reported as employee costs during the vesting period with a corresponding increase in equity. To the extent the vesting conditions in the program are linked to market conditions (TSR) and non-vesting conditions (investment in Tele2 shares), these factors are taken into consideration when determining the fair value of the share rights. Performance conditions (return on capital employed) and service conditions (being employed) are affecting the employee cost during the vesting period by the change in the number of shares that are expected to finally vest.

Tele2 records a liability for social security expenses, at each reporting period, for all outstanding share-based payments. The liability for social security expenses is calculated according to UFR 7 *IFRS 2 and social security contributions for listed enterprises*. The liability is revalued at the end of each reporting period and is based on the share-based payment's fair value at the end of the reporting date distributed over the vesting period.

Post-employment benefits
The Group has a number of pension schemes. The main part of Tele2's pension plans consist of defined-contribution plans (Note 33) for which the Group makes payments to public and private pension institutions. Fees with regard to defined-contribution pension plans are reported as an expense during the period in which the employees perform the services to which the contribution relates. The defined-contribution plans ensure a certain predefined payment of premiums and negative changes in the value of investments are not compensated by Tele2. Therefore Tele2 does not bear the risk at the time of pension payment. Only a small part of the Group's pension commitments relate to defined benefit plans. The net present value of the obligation for these are calculated separately for each defined benefit plan on the basis of assumptions of the future benefits earned during previous and currents periods. The obligation is reported in the balance sheet as the net present value of the obligation less the fair value of any plan assets.

The cost for the defined-benefit plans are calculated by application of the so called Projected Unit Credit Method, which means that the cost is distributed over to the employee's period of service. The calculation is performed annually by an independent actuary. The obligation is valued at the net present value of the expected future payments, taking into account assumptions such as expected future increases in salaries, inflation, health expenses and life span. Expected future payments are discounted with an interest rate that is effective on the closing day for first class commercial bonds or government bonds considering the estimated remaining tenor for each obligation. Actuarial gains and losses are reported in other comprehensive income.

Termination benefits
A cost for termination benefits is recognized only if the Group is committed by a formal plan to prematurely terminate an employee's employment without any possibility of withdrawing the commitment.

Income tax
Income taxes consist of current and deferred tax. Income tax is reported in the income statement except when the underlying transaction is reported in other comprehensive income or in equity. In those cases the related tax effect is also reported in other comprehensive income or in equity.

Current tax is tax that is to be paid or received in respect of the taxable profit (tax loss) for the year including any adjustment of current tax related to previous periods and tax on dividends from subsidiaries.

When accounting for deferred taxes, the balance sheet method is applied. The method implies that deferred tax liabilities and assets are recognized for all temporary differences between the carrying amount of an asset or liability and its tax base, as well as other tax-related deductions or deficits. The following temporary differences are not considered: temporary difference that arises at the initial recognition of goodwill and the initial recognition of assets and liabilities that are not part of a business combination and at the time of the transaction affect neither accounting nor taxable profit/loss. An item which alters the time when an item is taxable or deductible is considered a temporary difference. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

The recognition of deferred tax assets takes into account tax loss carry-forwards and temporary differences where it is probable that losses and temporary differences will be utilized against future taxable profits. In cases where a company reports losses, an assessment is made of whether there is any convincing evidence that there will be sufficient future profits.

Valuation and accounting of deferred taxes in connection with business combinations is made as part of the measurement of assets and liabilities at the time of acquisition. In these circumstances, the deferred tax assets are assessed at a value corresponding to what the Group expects to utilize. Deferred income tax liabilities are recognized on temporary differences related to subsidiaries, joint arrangements and associates, except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Continued Note 1

If a deferred tax liability exists and tax loss carry-forwards exist for which a deferred tax asset previously hasn't been recognised, a deferred tax asset is reported to the extent it can be netted against the deferred tax liability.

Current and deferred tax assets and liabilities are netted only among group companies within the same tax jurisdiction. This form of reporting is only applied when Tele2 intends to offset tax assets and liabilities.

Non-current assets

Intangible assets (Note 13) and tangible assets (Note 14) with a finite useful life are reported at acquisition value with deductions for accumulated depreciation and amortization. Depreciation and amortization are based on the acquisition value of the assets less estimated residual value at the end of the useful life and are recognized on a straight-line basis throughout the asset's estimated useful life. Useful lives and residual values are subject to annual assessments. Useful lives for fixed assets are presented below.

Intangible assets	
Licences, utilization rights and software	2–25 years
Customer agreements	3–5 years
Tangible assets	
Buildings	5–30 years
Modems	2–3 years
Machinery and technical plant	2–30 years
Equipment and installations	2–10 years

At the end of each reporting period an assessment is made of whether there is any indication of impairment of any of the Group's assets over and above the depreciation according to plans. If there is any indication that a non-current asset has declined in value, a calculation of its recoverable amount is made.

The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell, which is the value that is obtainable from the sale of the asset to an independent party less costs of disposal. The value in use consists of the present value of all cash flows from the asset during the utilization period as well as the addition of the present value of the fair value less costs to sell at the end of the utilization period. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount.

Impairments are reported in the income statement. Impairments that have been recorded are reversed if changes are made in the assumptions that led to the original impairment. The impairment reversal is limited to the carrying amount, net of depreciation according to plan, had the original impairment not occurred. A reversal of impairment is reported in the income statement. Impairment of goodwill is not reversed.

Intangible assets

Tele2 holds a number of licences entitling it to conduct telephony operations. The expenses related to the acquisition of these licences are recognized as an asset and amortized on a straight-line basis through the duration of the licence agreements.

Goodwill is measured as the difference between on the one hand the total purchase price for the shares in the subsidiary alternatively the acquired assets and liabilities, the value of the non-controlling interest in the acquired subsidiary and the fair value of the previously owned share, and on the other hand the Group's reported value of acquired assets and assumed liabilities less any write-downs.

Goodwill is allocated to the cash generating units that are expected to obtain benefits as a result of the acquisition and is, along with the intangible assets with indefinite lives and intangible assets that are not yet ready to use, subject to annual impairment testing even if there is no indication of a decline in value. Impairment testing of goodwill is at the lowest level at which goodwill is monitored for internal management purposes and for which there are separately identifiable cash flows (cash generating units). The recoverable value of the respective cash generating unit is based on the higher of estimated value in use and fair value less costs to sell. The most important factors that have influenced this year's impairment testing are presented in Note 13.

In the case of reorganization or divestment involving a change in the composition of cash generating units to which goodwill has been allocated, the goodwill is allocated to the relevant units. The allocation is based on the relative value of the part of the cash generating unit to which the reorganization or divestment relates, and the part that remains after the reorganization or the divestment.

Customer agreements are valued at fair value in conjunction with business combinations. Tele2 applies a model where the average historical customer acquisition cost or, alternatively, the present value of expected future cash flows, is applied to value customer agreements.

Tele2 capitalizes direct development expenses for software which are specific to its operations if the recognition criteria are fulfilled. These expenses are amortized over the utilization period, which begins when the asset is ready for use. Expenses relating to the planning phase of the projects as well as expenses of maintenance and training are expensed as incurred. Other expenses relating to development work are expensed as they arise, since they do not meet the criteria for being reported as an asset. Tele2 doesn't conduct own research activities.

Tangible assets

Buildings relate to assets intended for use in operations. The acquisition value includes the direct costs attributable to the building.

Machinery and technical plant include equipment and machinery intended for use in operations, such as network installations. The acquisition value includes the direct costs attributable to the construction and installation of networks.

Additional costs for extension and value-increasing improvements are reported as an asset, while additional costs for repairs and maintenance are expensed during the period in which they arise.

Equipment and installations comprise assets used in administration, sales and operations.

Costs for modems that are rented to or used for free by customers are capitalized.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of an asset which requires considerable time to complete for its intended use are included in the acquisition value of the asset. Other borrowing costs are expensed in the period in which they arise.

Leases

Leases are classified as finance or operating leases.

Tele2 as finance lessee

A lease is classified as a finance lease if it transfers substantially all the economic risks and rewards of ownership of an asset to the lessee. When reporting a financial lease in the consolidated accounts, the leased object is recognized as a tangible asset at the lower of its fair value and the present value of the minimum lease payments, and a corresponding amount is recognized as a lease obligation under financial liabilities (Note 14, Note 25 and Note 30). The asset is depreciated on a straight-line basis over the shorter of the lease term and its useful life, with the estimated residual value deducted at the end of the utilization period. Lease payments are apportioned between interest and repayment of the outstanding liability.

Tele2 as operating lessee

A lease is classified as an operating lease if substantially all the economic risks and rewards of ownership of an asset remain with the leasing company. Payments are expensed in the income statement on a straight-line basis over the leasing period.

Continued Note 1

Tele2 as operating lessor
Rental revenues from operating leases are recognized on a straight-line basis over the term of the relevant lease. The leased asset is kept on the balance sheet and depreciated over its estimated useful life.

Dismantling costs
When there is a legal or constructive obligation to a third party, the estimated cost of dismantling and removing the asset and restoring the site/area is included in the acquisition value. Any change to the estimated cost of dismantling and removing an asset and restoring the site is added to or subtracted from the carrying amount of the particular asset.

Inventories
Inventories of materials and supplies are valued in accordance with the first-in, first-out principle at the lower of acquisition value and net realizable value. Tele2's inventories essentially consist of telephones, SIM cards and modems held for sale.

Financial assets and liabilities
Financial assets recognized in the balance sheet include other financial assets, accounts receivable, other current receivables, current investments and cash and cash equivalents. Financial liabilities recognized in the balance sheet include liabilities to credit institutions and similar liabilities, other interest-bearing liabilities, accounts payable and other current liabilities. Financial assets and liabilities due for payment more than one year after the end of the reporting period is reported as non-current. Other financial assets and liabilities are reported as current.

Acquisitions and sales of financial assets are recognised on the trade date, which is the date that the Group has an undertaking to acquire or sell the asset. Financial liabilities are recognized in the balance sheet when Tele2 becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the rights to receive benefits have been realized, expired or the company loses control over the asset. The same applies to components of a financial asset. A financial liability is derecognized when the contractual obligation is discharged or extinguished in some other way. The same applies to components of a financial liability.

Financial instruments are initially recognized at the acquisition date fair value and subsequently to either fair value or amortized cost based on the initial categorization. The categorization reflects the purpose of the holding and is determined on initial recognition.

Measurement of the fair value of financial instruments
Various measurement methods are used to estimate the fair value of financial instruments not traded on an active market. When determining the fair value of interest swaps and currency derivatives official market listings are used as input in calculations of discounted cash flows. The fair value of loan liabilities is measured using generally accepted methods, such as discounting expected future cash flows at prevailing interest rates.

Calculation of amortized cost of financial instruments
Amortized cost is calculated by using the effective interest method, which means that any premiums or discounts and directly attributable costs or income are recognized on an accrual basis over the life of the contract using the calculated effective interest rate. The effective interest rate is the rate which gives the instrument's cost of acquisition as a result when discounting the future cash flows.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount is presented in the balance sheet when a legal right of set-off exists and the Group intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets
Tele2's other non-current securities mainly consist of holdings of unlisted shares, and these are classified as "Assets at fair value through profit or loss". Assets in this category are initially reported at acquisition value, i.e. fair value at the time of acquisition, and valued thereafter on a continuous basis at fair value. Transaction costs are recognized in the income statement. The fair value change is reported in the income statement among other financial items. If Tele2 has not been able to determine a reliable fair value, the securities are valued at cost.

Tele2's accounts receivables and other receivables are categorized as "Loans and receivables" initially reported at fair value and subsequently at amortized cost. For accounts receivables and other receivables, with a short maturity, the subsequent valuation is done at the nominal amount. On each closing day, an impairment assessment of these assets is made based on the time each individual accounts receivable has been overdue. Any impairment loss is reported as an operating expense.

Cash and cash equivalents are categorized as "Loans and receivables" initially reported at fair value and subsequently at amortized cost. Cash and cash equivalents consist of cash and bank balances as well as current investments with a maturity of less than three months from the time of acquisition.

Restricted cash and cash equivalents are reported as current investments if they may be released within 12 months and as non-current financial assets if they are to be restricted for more than 12 months.

Financial liabilities
Financial liabilities are categorized as "Financial liabilities valued at amortized cost". These are initially measured at fair value and then at amortized cost using the effective interest method. Direct costs related to the origination of loans are included in the acquisition value. For accounts payables and other financial debts, with a short maturity, the subsequent valuation is done at the nominal amount.

Derivatives and hedge accounting
Exchange rate fluctuations on loans in foreign currency and changes in value of other financial instruments (currency derivatives) that meet the hedge accounting requirements of net investment in foreign operations are reported on a continuous basis in other comprehensive income. The ineffective portion of the exchange rate fluctuation and the change in value are reported in the income statement under other financial items. When divesting foreign operations, the previously recognized accumulated exchange rate difference attributable to the divested operation is recycled to the income statement.

Cash flow hedges are reported in the same way as hedges of net investments in foreign operations. This means that the effective portion of the gain or loss on an interest swap which meets the criteria for cash-flow hedge accounting is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss within financial items. When cash flows relating to the hedged item are reported in profit or loss, amounts are transferred from equity to offset them. For more information regarding cash flow hedges, please refer to Note 2 and Note 25.

When a hedging instrument related to future cash flows is due, sold, divested or settled or the Group discontinues the hedge relation before the hedged transaction has occurred and the forecasted transaction is still expected to occur, the accumulated reported gain or loss remains in the hedge reserve in equity and is reported in the income statement when the transaction occurs. If the hedged transaction is no longer expected to occur, the hedging instrument's accumulated gain or loss is immediately reported in the income statement.

Other derivatives are measured at their fair value through profit or loss.

Receivables and liabilities in foreign currency
Receivables and liabilities of the Group denominated in foreign currencies are translated into Swedish crowns by applying the period-end rates.

Gains or losses on foreign exchanges relating to regular operations are included in the income statement under Other operating income/expenses. Gains or losses on foreign exchanges in financial assets and liabilities are reported within profit/loss from financial items.

Continued Note 1

When long-term lending to/borrowing from Tele2's foreign operations is regarded as a permanent part of the parent company's financing of/ borrowing from foreign operations, and thus as an expansion/reduction of the parent company's investment in the foreign operations, the exchange rate changes of these intra-group balances are reported in Other comprehensive income.

A summary of the exchange rate differences reported in other comprehensive income is presented in the statement of comprehensive income and the differences which affected profit or loss for the year are presented in Note 3.

Equity

Equity consists of registered share capital, other paid-in capital, hedge reserve, translation reserve, retained earnings, profit/loss for the year and non-controlling interests.

Other paid-in capital relates to share premiums from the issues of new shares. Additional direct costs attributable to the issue of new shares are reported directly against equity as a reduction, net after taxes, of proceeds from the share issue.

The hedge reserve includes translation differences on external loans in foreign currencies and changes in values of financial instruments (currency derivatives) which are used to hedge net investments in foreign operations and the effective portion of gains or losses on interest swaps used to hedge future interest payments.

Translation reserve includes translation differences attributable to the translation of foreign operations into Tele2's reporting currency as well as translation differences on intra-group balances which are considered an expansion/reduction of the parent company's net investment in foreign operations.

Non-controlling interests represent the value of minority shares in subsidiaries included in the consolidated accounts. The reporting and valuation of non-controlling interests are presented in the section regarding consolidation above.

Number of shares and earnings per share

Earnings per share before dilution are calculated by dividing the profit or loss of the year attributable to the parent company's owners by the weighted average number of outstanding shares during the period. To calculate earnings per share after dilution the weighted average numbers of outstanding shares are adjusted for the dilutive effect of the total potential number of shares consisting of share based instruments settled with shares. The shared based instruments have a dilutive effect if the exercise price plus the fair value of future services is below the quoted price and the dilutive effect increases when the size of this difference increases (Note 24).

Provisions

Provisions are reported when a company within the Group has a legal or constructive obligation as a result of past events, and it is probable that payments, which can be reliably estimated, will be required in order to settle the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities

A contingent liability exists if there is a possible obligation related to a past event and whose existence is confirmed only by one or several uncertain future events, and when there is an obligation that is not reported as a liability or a provision because it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be calculated with sufficient reliability. Disclosure is presented unless the probability of an outflow of resources is remote.

Segment reporting

Segment

Since the risks in Tele2's operations are mainly linked to the various markets in which the company operates, Tele2 follows up and analyses its business on country level. Hence each country represents Tele2's operating segments apart from the segment Other. The segment reporting is in line with the internal reporting to the chief operating decision maker, which is Tele2's "Leadership Team" (LT).

The segment Other mainly includes the parent company Tele2 AB, central functions and Procure IT Right, and other minor operations.

Tele2 Sweden is split into core operations and central group functions. Core operations is reported in the segment Sweden and central functions are included in the segment Other. The core operations of Tele2 Sweden comprise the commercial activities within Sweden, including the communications services of mobile, fixed telephony, fixed broadband, and domestic carrier business. The central functions of Tele2 Sweden comprise the activities which provide services for the benefit of Tele2 AB's shareholders, other group companies (including the core operations of Sweden), and to divested operations. These services are provided for example from group-wide departments such as group finance, procurement, legal, product development, shared service center, network and IT, and international carrier.

Assets in each segment include all operating assets that are utilized by the segment and consist mainly of intangible and tangible assets, shares in associated companies, inventories, accounts receivable, other receivables, prepaid expenses and accrued revenues. Goodwill is distributed among the Group's cash generating units, identified in accordance with Note 13.

Liabilities in each segment include all operating liabilities that are utilized by the segment and consist mainly of accounts payable, other non-interest-bearing liabilities, accrued expenses and deferred income.

Assets and liabilities not allocated to segments include current and deferred taxes and items of a financial nature.

Segment information is presented in Note 4.

The same accounting principles are applied to the segments and the Group.

Internal pricing

The sales of services in the Tele2 Group are made on market terms. Group-wide costs are invoiced to operations that have used the services.

Services

Services that are offered within the segments are mobile telephony, fixed broadband and fixed telephony.

The mobile service comprises various types of subscriptions for residential and business customers as well as prepaid cards. Mobile also includes mobile broadband, fixed telephony via mobile network (FVM), machine-to-machine communication (M2M) and mobile carrier. Tele2 either owns the networks or rents them from other operators a set-up called MVNO.

Fixed broadband includes direct access & LLUB, i.e. our own services based on access via copper cable, and other forms of access, such as fibre networks, wireless broadband and metropolitan area networks. Fixed broadband also includes resold broadband. The product portfolio within direct access & LLUB includes telephony services (including IP telephony), internet access services (including Tele2's own ADSL and fibre) and TV services.

Fixed telephony includes resold products within fixed telephony.

Other operations mainly include carrier operations and wholesale.

Choice of accounting principles

When choosing and applying Tele2's accounting principles, the Board and the President have made the following choices:

Choice of accounting principle for put options

Put options issued or received by Tele2 in connection with business combinations, where the put options give the minority owner a right to

Continued Note 1

sell its shares or part of its shares to Tele2, are initially, at the acquisition date, recognized as a non-controlling interest. The non-controlling interest is then immediately reclassified as a financial liability. The financial liability is subsequently recognized at its fair value at each reporting date, with the fair value changes reported within financial items in profit or loss.

An alternative method, not chosen by Tele2, would be to initially report both a non-controlling interest and a financial liability with opposite booking of the liability directly to equity and the following changes in the liability's fair value reported in profit or loss. Another alternative is to report on a current basis a non-controlling interest which is reclassified as a financial liability at each reporting period. The difference between the reclassified non-controlling interest and the fair value of the financial liability would be reported as a change of the non-controlling interest within equity.

Customer acquisition costs

Customer acquisition costs are normally expensed in profit or loss.

When companies and operations are acquired, customer agreements and customer contacts acquired as part of the acquisition are fair valued and capitalized as intangible assets.

Goodwill – choice of level for goodwill impairment testing

Goodwill arising from business combinations is allocated to the cash-generating units which are expected to receive future economic benefits, in the form of synergies, for example, from the acquired operation. If separate cash-generating units cannot be identified, goodwill is allocated to the lowest level at which the operation and its assets are monitored for internal management purposes, which is the operating segment.

Estimates and judgments

As part of preparing the consolidated financial statements management is required to make certain estimates and judgments. The estimates and judgments are based on historical experience and a number of other assumptions aimed at providing a decision regarding the value of the assets or liabilities which cannot be determined in any other way. The actual outcome may vary from these estimates and judgments.

The most crucial assessments and estimates used in preparing the Group's financial reports are as follows:

Joint arrangements

Tele2 is in Sweden part of two joint arrangements concerning mobile networks that are classified as joint operations, Svenska UMTS-nät AB (together with TeliaSonera) and Net4Mobility HB (together with Telenor). Tele2 has chosen to classify these two joint arrangements as joint operations as Tele2 is considered through agreements between the parties to have the rights to the assets and obligations for the liabilities as well as corresponding revenues and expenses related to each arrangement. As basis for the classification additional decisive factors are that the parties in each arrangement have the rights to substantially all of the economic benefits from the assets in each operation and the jointly owned companies are dependent on its owners for settling its liabilities on a continuous basis.

Revenue recognition

Revenue recognition in Tele2 requires management to make judgments and estimates in a number of cases, mainly to determine fair values and the period in which the revenue should be recognized. Many agreements bundle products and services into one customer offering which for accounting purposes require allocating revenue to each part based on its relative fair value using accounting estimates. Determining whether revenues should be recognized immediately or be deferred require management to make judgments as to when the services and equipment have been provided, the fair value of each part as well as estimates regarding the remaining contract period. Please refer to Note 17 and 20 concerning receivable for sold equipment and Note 21 for other accrued revenues.

Valuation of acquired intangible assets

When acquiring businesses, intangible assets are measured at fair value. If there is an active market for the acquired assets, the fair value is measured based on the prices on this market. Since there are often no active markets for these assets, valuation models have been developed to estimate the fair value. Examples of valuation models are discounted cash flows models and estimates of Tele2's historical costs of acquiring equivalent assets. Please refer to Note 15 for acquisitions during the year.

Impairment test goodwill

When estimating the recoverable amount of cash generating units for goodwill impairment purposes the Group makes assumptions regarding future events and key parameters. The assumptions made and sensitivity analyses are disclosed in Note 13. These kinds of assessments include some uncertainty. Should the actual outcome for a specific period differ from the expected outcome, the expected future cash flows may need to be reconsidered, which could lead to a write-down.

Valuation of non-current assets with a finite useful life

If the recoverable amount falls below the book value, an impairment loss is recognized. At each balance sheet date, a number of factors are analysed in order to assess whether there is any indication of impairment. If such indication exists, an impairment test is prepared based on management's estimate of future cash flows including the applied discount rate. Please refer to Note 13 and Note 14.

Useful lives of non-current assets

When determining the useful life of groups of assets, historical experience and assumptions about future technical development are taken into account. Depreciation rates are based on the acquisition value of the non-current assets and the estimated utilization period less the estimated residual value at the end of the utilization period. If technology develops faster than expected or competition, regulatory or market conditions develop differently than expected, the company's evaluation of utilization periods and residual values will be influenced.

Valuation of deferred income tax receivables

Recognition of deferred income tax takes into consideration temporary differences and unutilized loss carry-forwards. Deferred tax assets are reported for deductible temporary differences and loss carry-forwards only to the extent that it is considered probable that they can be utilized to offset future taxable profits. Management updates its assessments at regular intervals. The valuation of deferred tax assets is based on expectations of future results and market conditions, which are naturally subjective. The actual outcome may differ from the assessments, partly as a result of future changes in business circumstances, which were not known at the time of the assessments, changes in tax laws or interpretations or the result of the taxation authorities' or courts' final examination of submitted tax returns. See further Note 12.

Provisions for disputes and damages

Tele2 is party to a number of disputes. For each separate dispute an assessment of the most likely outcome is made, and reported in the financial statements accordingly, see Note 26 and Note 29.

Valuation of accounts receivable

Accounts receivables are valued on a current basis and reported at amortized cost. Reserves for doubtful accounts are based on various assumptions as well as historical experience of collection patterns, see Note 19.

Other information

Tele2 AB (publ) is a limited company, with its registered office in Stockholm, Sweden. The company's registered office (phone +46 8,5620,0060) is at Skeppsbron 18, Box 2094, 103 13 Stockholm, Sweden. The annual report was approved by the Board of Directors on March 15, 2016. The balance sheet and income statement are subject to adoption by the Annual General Meeting on May 24, 2016.

NOTE 2 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Through its operations, the Group is exposed to various financial risks such as currency risk, interest risk, liquidity risk and credit risk. Financial risk management is mainly centralized to the Group treasury function. The aim is to control and minimize the Group's financial risks as well as financial costs, and optimize the relation between risk and cost.

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. For a description of reclassifications made in the comparative numbers for 2014, please refer to Note 35.

Dec 31, 2015	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	9[1]	1,349	–	–	1,358	1,358
Accounts receivables	–	2,163	–	–	2,163	2,163
Other current receivables	–	3,296	48[3]	–	3,344	3,344
Current investments	–	32	–	–	32	32
Cash and cash equivalents	–	107	–	–	107	107
Total financial assets	**9**	**6,947**	**48**	**–**	**7,004**	**7,004**
Liabilities to financial institutions and similar liabilities	–	–	–	8,985	8,985	9,240[3]
Other interest-bearing liabilities	541[2]	–	231[3]	308	1,080	1,049[3]
Accounts payable	–	–	–	2,746	2,746	2,746
Other current liabilities	–	–	–	502	502	502
Total financial liabilities	**541**	**–**	**231**	**12,541**	**13,313**	**13,537**

Dec 31, 2014	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	8[1]	1,593	–	–	1,601	1,601
Accounts receivables	–	2,389	–	–	2,389	2,389
Other current receivables	–	2,146	47[3]	–	2,193	2,193
Current investments	–	38	–	–	38	38
Cash and cash equivalents	–	151	–	–	151	151
Assets classified as held for sale	1	337			338	338
Total financial assets	**9**	**6,654**	**47**	**–**	**6,710**	**6,710**
Liabilities to financial institutions and similar liabilities	–	–	–	6,758	6,758	7,085[3]
Other interest-bearing liabilities	887[2]	–	294[3]	444	1,625	1,553[3]
Accounts payable	–	–	–	2,848	2,848	2,848
Other current liabilities	–	–	–	467	467	467
Liabilities directly associated with assets classified as held for sale	–	–	–	249	249	249
Total financial liabilities	**887**	**–**	**294**	**10,766**	**11,947**	**12,202**

For the determination of fair values on financial assets and liabilities the following levels and inputs have been used:

1) Level 3: measured at fair value through profit/loss, which on initial recognition were designated for this type of measurement. Discounted future cash flow models are used to estimate the fair value.
2) Level 3: put option Tele2 Kazakhstan. The fair value of the put option is based on the transaction entered into with Asianet and Kazakhtelecom. The valuation is based on discounted future cash flows on the assumptions further described in Note 13, Note 15 and Note 25.
3) Level 2: observable market data have been used as input to determine the fair value of interest- and foreign exchange rate derivatives, loans with fixed interest rate and other non-current interest bearing liabilities valued at fair value at initial recognition with subsequent measurement at amortized cost.

Changes in financial assets and liabilities valued at fair value through profit/loss in level 3 is presented below.

	2015		2014	
SEK million	Assets	Liabilities	Assets	Liabilities
As of January 1	**9**	**887**	**14**	**1,350**
Change in fair value	–	51	–5	–427
Exchange rate differences[1]	–	–397	–	–36
As of December 31	**9**	**541**	**9**	**887**

1) recognized in other comprehensive income

Since accounts receivables, accounts payables and other current liabilities are short-term, discounting of cash flows does not cause any material differences to their carrying amount.

During the year 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 except for the valuation of the put option related to Tele2 Kazakhstan which is now valued based on the agreements with Kazakhtelecom and Asianet (for further information concerning the valuation please refer to Note 25).

Net gains/losses on financial instruments amounted to SEK –123 (426) million, of which loan and trade receivables amounted to SEK –68 (6) million, derivatives to SEK –4 (–2) million and financial assets and liabilities at fair value through profit/loss to SEK –51 (422) million.

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, 2015 amounted on the asset side to SEK 48 (47) million and on the liabilities side to SEK 231 (294) million of which SEK 19 (28) million can be netted against the asset side.

Capital structure management

The Tele2 Group's view on capital structure management (equity and net debt) incorporates several inputs, of which the main items are listed below.

- In January 2015 Tele2 adopted a progressive ordinary dividend policy which aims to deliver 10 percent dividend growth per annum in the coming three year period. Authorization to pay extraordinary dividends will be sought when the company has excess capital. Pursuant to the approval received at the 2015 AGM, Tele2 has the authorization to repurchase up to 10 percent of its share capital.
- Tele2 believes the financial leverage should reflect the status of its operations, future strategic opportunities and obligations. It should also be in line with both the industry and the markets in which it operates. This would imply a target net debt to EBITDA ratio of 1.5–2.0 times over the medium term. It is expected the ratio will be slightly above this range during the period of investments in the Netherlands.
- On a continuous basis, Tele2 will diversify its financing both in terms of duration and funding sources. A stable financial position is important in order to minimize refinancing risk.

The Board of Directors reviews the capital structure annually and as needed.

Net debt amounted to SEK 9,878 (8,135) million on December 31, 2015, or 1.72 (1.35) times EBITDA. Tele2's available liquidity amounted to SEK 7,890 (8,224) million. For additional information please refer to Note 25.

Net debt consists of the following items.

	Dec 31, 2015	Dec 31, 2014
Interest-bearing non-current and current liabilities	10,991	9,190
Excluding provisions	–926	–807
Cash & cash equivalents, current investments and restricted funds	–139	–189
Other financial interest-bearing receivables (swap agreements etc)	–48	–47
Net debt for assets classified as held for sale	–	–12
Total net debt	**9,878**	**8,135**

Continued Note 2

Currency risk

Currency risk is the risk of changes in exchange rates having a negative impact on the Group's result and equity. Currency exposure is associated with payment flows in foreign currency (transaction exposure) and the translation of foreign subsidiaries' balance sheets and income statements to SEK (translation exposure).

The Group does not generally hedge transaction exposure. When considered appropriate, the translation exposure related to some investments in foreign operations is hedged by issuing debt or entering into derivative transactions in the currencies involved. In the hedge reserve in equity the total amount related to net investment hedges amounts to SEK –400 (–255) million. During the year SEK 107 (-) million related to divested companies were reclassified to profit/loss. Outstanding currency swaps designated for net investment hedging amounted to EUR 270 (270) million. In previous year the Group also had outstanding currency swaps of NOK 2,440 million of which NOK 640 million was used to swap external loans to NOK and NOK 1,800 million was used to hedge the net investment in NOK. The reported fair value on the currency swaps amounted to SEK 48 (–51) million and SEK - (42) million respectively. The outstanding bond of NOK 1,000 million is hedged for currency exposure via currency swaps, which reported fair value amounted to SEK –36 (-) million.

After taking into account currency swaps, the borrowings in SEK million are carried in the following currencies (equivalent SEK amounts).

	Dec 31, 2015	Dec 31, 2014
SEK[1, 2]	5,699	1,129
EUR[1]	3,286	3,493
NOK[2]	–	2,103
USD	–	33
Total loans	**8,985**	**6,758**

[1] Including adjustment for currency swaps designated to swap loans in SEK to EUR of SEK 2,466 (2,569)
[2] Including adjustment for currency swaps designated to swap loans in NOK to SEK of SEK –955 million (prior year SEK to NOK of SEK 673 million)

In 2015, 48 (49) percent of net sales is related to SEK and 41 (35) percent to EUR. For other currencies please refer to Note 3. During the year, Tele2's results were foremost affected by fluctuations in EUR and devaluation in Kazakhstan of KZT.

The Group's total net assets on December 31, 2015 of SEK 17,901 (22,682) million were distributed by currency in SEK million as follows (including loan and currency derivatives designated for hedge accounting).

	Dec 31, 2015	Dec 31, 2014
SEK	3,126	7,025
EUR[1]	13,037	10,854
NOK[2]	–	984
KZT	1,087	1,742
HRK	677	557
LTL	–	1,579
USD	–26	–59
Total	**17,901**	**22,682**

[1] Loans and derivatives denominated in EUR designated for net investment hedging are included by SEK 3,289 (3,276) million
[2] Loans and derivatives denominated in NOK designated for net investment hedging are included by SEK – (2,040) million

A five percent currency fluctuation against the Swedish krona would affect the Group's total net assets by SEK 739 (783) million.

Interest rate risk

Tele2 keeps a close watch on interest market trends and decisions to change the interest duration strategy are assessed regularly. Of interest-bearing financial liabilities as of December 31, 2015, SEK 2,986 (4,531) million, corresponding to 30 (54) percent, were carried at a variable interest rate. Calculated at variable interest-bearing liabilities at December 31, 2015 and assuming that these loans were traded per January 1, 2016 to 1 percent higher interest rate, this would result in an additional interest expense for 2016 of SEK 30 (45) million, and affect profit/loss after tax by SEK 25 (37) million. For additional information please refer to Note 25.

The capital amount of outstanding interest rate derivatives on December 31, 2015 amounts to SEK 2.5 billion converting variable interest rate to fixed interest rate. The cash flows related to outstanding interest rate derivative is expected to affect the income statement during the remaining duration of the interest rate swaps. Official market listings have been used to determine the fair value of interest rate derivatives. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Outstanding interest rate derivatives for cash flow hedging are shown below.

			Dec 31, 2015		Dec 31, 2014	
Currency	Fixed interest rate terms %	Maturity	Capital amount, nominal	Reported fair value	Capital amount, nominal	Reported fair value
SEK	3.865	2018	1,400	–135	1,400	–166
SEK	2.7225	2018	300	–23	300	–25
SEK	2.5050	2016	300	–5	300	–11
SEK	2.6950	2018	200	–15	200	–17
SEK	2.1575	2020	250	–17	250	–19
Total outstanding interest rate derivatives			**2,450**	**–195**	**2,450**	**–238**

The total change in fair values on the interest rate derivatives amounted to SEK –40 (–172) million and are recognized in other comprehensive income as cash flow hedges. Of the total change in fair value SEK 83 (61) million was reclassified to the income statement and included in interest costs for the year.

Liquidity risk

The Group's excess liquidity is invested on a short-term basis or used for loan repayments. Liquidity reserves consist of available cash, undrawn committed credit facilities and committed overdraft facilities. At the end of 2015, the Group had available liquidity of SEK 7.9 (8.2) billion. For additional information please refer to Note 23.

Tele2 has a EUR 0.8 billion credit facility with a syndicate of 11 banks. On January 13, 2016 Tele2 announced the refinancing of the credit facility agreement amounting to EUR 0.8 billion with 11 relationship banks. The new facility has a tenor of five years with maturity in May 2021 with two one-year extension options and replaces the existing revolving credit facility dated May 2012. On December 31, 2015 and 2014 the present facility was unutilized. Tele2 AB's EUR 3 billion Euro Medium-Term Note (EMTN) Program forms the basis for Tele2's medium and long term debt issuance in both international and domestic bond markets. On December 31, 2015 issued bonds under the Program amounted to SEK 3,048 (3,797) million. For additional information please refer to Note 25.

Undiscounted contractual commitments are presented below. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Dec 31, 2015	Note	Within 1 year	1–3 years	3–5 years	After 5 years	Total
Financial liabilities[1]	25	8,748	3,859	1,102	7	13,716
Commitments, other	29	1,493	1,291	21	100	2,905
Operating leases	30	1,537	1,218	710	1,133	4,598
Total contractual commitments		**11,778**	**6,368**	**1,833**	**1,240**	**21,219**

Dec 31, 2014	Note	Within 1 year	1–3 years	3–5 years	After 5 years	Total
Financial liabilities[1]	25	7,284	4,007	578	460	12,329
Commitments, other	29	1,171	509	41	80	1,801
Operating leases	30	1,442	1,246	657	1,023	4,368
Total contractual commitments		**9,897**	**5,762**	**1,276**	**1,563**	**18,498**

[1] Including future interest payments

Credit risk

Tele2's credit risk is mainly associated with accounts receivables, receivables related to sold equipment (handsets) and cash and cash equivalents. The Group regularly assesses its credit risk arising from accounts receivables and receivables related to sold equipment. As the customer base is highly diversified and includes individuals and companies, the exposure and associated overall credit risk is limited. Whenever favourable,

Continued Note 2

companies within the Group are entitled to sell overdue receivables to debt collection agencies either as a one-time occasion or on ongoing basis. The Group makes provisions for expected credit losses.

Maximum credit exposure for accounts receivables amounts to SEK 2,163 (2,389) million and receivables related to sold equipment to SEK 3,766 (2,939) million.

NOTE 3 EXCHANGE RATE EFFECTS

The consolidated balance sheet and income statement are affected by fluctuations in subsidiaries' currencies against the Swedish krona. Net sales and EBITDA are distributed among the following currencies.

	Net sales				EBITDA			
	2015		2014		2015		2014	
SEK	12,777	48%	12,762	49%	3,767	65%	3,471	59%
EUR	10,896	41%	9,105	35%	1,798	31%	1,737	29%
KZT	1,754	6%	1,334	5%	54	1%	43	1%
HRK	1,429	5%	1,390	6%	138	3%	169	3%
LTL	–	–	1,364	5%	–	–	506	8%
Total	**26,856**	**100%**	**25,955**	**100%**	**5,757**	**100%**	**5,926**	**100%**

Tele2's operating profit for the year was mainly affected by fluctuations in EUR and devaluation in Kazakhstan of KZT. The annual change of net sales and EBITDA was +2 (–1) and –4 (–2) percent respectively, excluding exchange rate differences. FX-adjusted figures per country are presented below.

	Net sales			EBITDA			Net profit	
	2015	2014[1]	Growth	2015	2014[1]	Growth	2015	2014[1]
Sweden	12,630	12,629	0%	3,844	3,612	6%		
Netherlands	5,744	5,594	3%	445	929	–52%		
Kazakhstan	1,754	1,380	27%	54	44	23%		
Croatia	1,429	1,434	0%	138	174	–21%		
Lithuania	1,519	1,403	8%	538	520	3%		
Latvia	939	933	1%	295	302	–2%		
Estonia	675	652	4%	156	178	–12%		
Austria	1,188	1,243	–4%	203	238	–15%		
Germany	831	942	–12%	165	135	22%		
Other	147	133	11%	–81	–136	40%		
FX-adjusted	**26,856**	**26,343**	**2%**	**5,757**	**5,996**	**–4%**	**1,268**	**2,642**
FX effects		–388			–70			–16
Total	**26,856**	**25,955**	**3%**	**5,757**	**5,926**	**–3%**	**1,268**	**2,626**

[1] adjusted for fluctuations in exchange rates

Assets and liabilities per country is presented in Note 4 and net assets per currency is presented in Note 2.

A five percent currency movement against the Swedish krona affects the Group's net sales and EBITDA on an annual basis by SEK 704 (660) million and SEK 100 (123) million, respectively.

Exchange rate differences which arise in operations are reported in the income statements and totals to the following amounts.

	2015	2014
Other operating income	38	52
Other operating expenses	–65	–59
Other financial items	1	–27
Total exchange rate differences in income statement	**–26**	**–34**

NOTE 4 SEGMENT REPORTING

The segment reporting is based on country level. Services offered within the segments are mobile telephony, fixed broadband and fixed telephony. Additional information regarding split on services per sergment is presented in Note 5, Note 6 and Note 14.

The segment Other mainly includes the parent company Tele2 AB, central functions and Procure IT Right, as well as other minor operations.

Tele2 Sweden has been split into core operations and central group functions. Core operations are reported in segment Sweden and central functions are included in the segment Other. For additional information please refer to section Segment reporting in Note 1.

2015	Sweden	Netherlands	Kazakhstan	Croatia	Lithuania	Latvia	Estonia	Austria	Germany	Other	Undistributed and internal elimination	Total
INCOME STATEMENT												
Net sales												
External	12,630	5,744	1,754	1,429	1,519	939	675	1,188	831	147	–	26,856
Internal	1	2	–	–	20	9	2	–	–	6	–40	–
Net sales	**12,631**	**5,746**	**1,754**	**1,429**	**1,539**	**948**	**677**	**1,188**	**831**	**153**	**–40**	**26,856**
EBITDA	**3,844**	**445**	**54**	**138**	**538**	**295**	**156**	**203**	**165**	**–81**	**–**	**5,757**
Depreciation/amortization and other impairment	–1,090	–850	–279	–158	–93	–122	–114	–138	–24	6	–	–2,862
Result from shares in joint ventures and associated companies	–7	–	–	–	–	–	–	2	–	–	–	–5
One-off items (Note 6)												
Impairment of goodwill and other assets	–	–	–	–	–	–	–196	–	–	–	–	–196
Sale of operations	12	–	–	–	–	–	–	–	–	–	–	12
Acquisition costs	–	–	–	–	–	–	–	–	–	–118	–	–118
Challenger program	–37	–17	–1	–	–	–	–7	–2	–70	–113	–	–247
Other one-off items	112	–	–6	–	–	–	–	–	–	–	–	106
Operating profit	**2,834**	**–422**	**–232**	**–20**	**445**	**173**	**–161**	**65**	**71**	**–306**	**–**	**2,447**
Interest income	–	–	–	–	–	–	–	–	–	–	8	8
Interest costs	–	–	–	–	–	–	–	–	–	–	–384	–384
Other financial items	–	–	–	–	–	–	–	–	–	–	–59	–59
Income tax	–	–	–	–	–	–	–	–	–	–	–744	–744
NET PROFIT/LOSS FROM CONTINUING OPERATIONS	**2,834**	**–422**	**–232**	**–20**	**445**	**173**	**–161**	**65**	**71**	**–306**	**–1,179**	**1,268**
OTHER INFORMATION												
CONTINUING OPERATIONS												
CAPEX	784	1,773	532	272	114	113	84	124	6	425	–	4,227
Non-cash-generating profit/loss items												
Depreciation/amortization and impairments	–1,090	–850	–279	–158	–93	–122	–315	–138	–24	6	–	–3,063
Sales of fixed assets and operations	127	–1	–	–	–	–	1	–1	–	–2	–	124
Incentive program	–	–	–	–	–	–	–	–	–	–40	–	–40

Dec 31, 2015	Sweden	Netherlands	Kazakhstan	Croatia	Lithuania	Latvia	Estonia	Austria	Germany	Other	Undistributed and internal elimination	Total
BALANCE SHEET												
Assets	10,987	11,708	2,252	1,276	1,967	1,986	1,429	422	143	1,744	2,235	36,149
Liabilities	2,789	1,871	504	618	379	250	156	299	179	463	10,740	18,248

Instead of only reporting non-current assets by segment, total assets by segment have beeen reported as this is more relevant for Tele2.

2014	Sweden	Netherlands	Kazakhstan	Croatia	Lithuania	Latvia	Estonia	Austria	Germany	Other	Undistributed and internal elimination	Total
INCOME STATEMENT												
Net sales												
External	12,629	5,439	1,334	1,390	1,364	907	634	1,209	916	133	–	25,955
Internal	12	2	–	–	11	9	–	–	–	2	–36	–
Net sales	**12,641**	**5,441**	**1,334**	**1,390**	**1,375**	**916**	**634**	**1,209**	**916**	**135**	**–36**	**25,955**
EBITDA	**3,612**	**903**	**43**	**169**	**506**	**294**	**173**	**231**	**131**	**–136**	**–**	**5,926**
Depreciation/amortization and other impairment	–1,228	–666	–221	–82	–76	–107	–118	–136	–53	–9	–	–2,696
Result from shares in joint ventures and associated companies	–13	–	–	–	–	–	–	–1	–	–	–	–14
One-off items (Note 6)												
Sale of operations	258	–	–	–	–	–	–	–	–	3	–	261
Challenger program	–	–4	–	–	–	–	–	–	–	–6	–	–10
Other one-off items	41	–	–18	–	–	–	–	–	–	–	–	23
Operating profit	**2,670**	**233**	**–196**	**87**	**430**	**187**	**55**	**94**	**78**	**–148**	**–**	**3,490**
Interest income	–	–	–	–	–	–	–	–	–	–	18	18
Interest costs	–	–	–	–	–	–	–	–	–	–	–396	–396
Other financial items	–	–	–	–	–	–	–	–	–	–	388	388
Income tax	–	–	–	–	–	–	–	–	–	–	–874	–874
NET PROFIT/LOSS FROM CONTINUING OPERATIONS	**2,670**	**233**	**–196**	**87**	**430**	**187**	**55**	**94**	**78**	**–148**	**–864**	**2,626**
OTHER INFORMATION												
CONTINUING OPERATIONS												
CAPEX	622	1,527	319	116	107	82	138	62	15	462	–	3,450
Non-cash-generating profit/loss items												
Depreciation/amortization and impairments	–1,228	–666	–221	–82	–76	–107	–118	–136	–53	–9	–	–2,696
Sales of fixed assets and operations	255	–1	–	–	–	22	–	–1	–	–1	–	274
Incentive program	–	–	–	–	–	–	–	–	–	–29	–	–29

Dec 31, 2014	Sweden	Netherlands	Kazakhstan	Croatia	Lithuania	Latvia	Estonia	Austria	Germany	Other	Undistributed and internal elimination	Total
BALANCE SHEET												
Assets	10,196	10,726	3,535	1,140	1,868	2,016	1,688	463	201	1,779	6,236	39,848
Liabilities	2,747	1,731	734	598	287	216	144	353	185	393	9,778	17,166

NOTE 5 NET SALES AND NUMBER OF CUSTOMERS

Net sales

	Net sales		of which internal sales	
	2015	2014	2015	2014
Sweden				
Mobile	11,228	11,113	1	12
Fixed broadband	715	728	–	–
Fixed telephony	541	660	–	–
Other operations	147	140	–	–
	12,631	**12,641**	**1**	**12**
Netherlands				
Mobile	2,535	1,957	–	–
Fixed broadband	2,326	2,496	–	–
Fixed telephony	333	421	–	–
Other operations	552	567	2	2
	5,746	**5,441**	**2**	**2**
Kazakhstan				
Mobile	1,754	1,334	–	–
	1,754	**1,334**	**–**	**–**
Croatia				
Mobile	1,429	1,390	–	–
	1,429	**1,390**	**–**	**–**
Lithuania				
Mobile	1,539	1,375	20	11
	1,539	**1,375**	**20**	**11**
Latvia				
Mobile	948	916	9	9
	948	**916**	**9**	**9**
Estonia				
Mobile	608	582	2	–
Fixed telephony	7	7	–	–
Other operations	62	45	–	–
	677	**634**	**2**	**–**
Austria				
Fixed broadband	775	783	–	–
Fixed telephony	146	165	–	–
Other operations	267	261	–	–
	1,188	**1,209**	**–**	**–**
Germany				
Mobile	437	440	–	–
Fixed broadband	140	164	–	–
Fixed telephony	254	312	–	–
	831	**916**	**–**	**–**
Other				
Other operations	153	135	6	2
	153	**135**	**6**	**2**
TOTAL				
Mobile	**20,478**	**19,107**	**32**	**32**
Fixed broadband	**3,956**	**4,171**	**–**	**–**
Fixed telephony	**1,281**	**1,565**	**–**	**–**
Other operations	**1,181**	**1,148**	**8**	**4**
	26,896	**25,991**	**40**	**36**
Internal sales, elimination	–40	–36		
TOTAL NET SALES AND INTERNAL SALES	**26,856**	**25,955**	**40**	**36**

In 2015, net sales in Netherlands was positively affected by a net of SEK 90 million mainly due to benefit from a tax settlement with regards to VAT on postpaid subscriptions.

In 2014, the net sales in Sweden was positively impacted by SEK 73 million as a result of decisions by the Swedish Post and Telecom Authority (PTS) regarding termination rates for previous periods, of which mobile amounted to SEK 78 million and fixed broadband to SEK –5 million. The effect on EBITDA is stated in Note 6.

In 2014, the net sales in Lithuania was positively impacted by SEK 15 million as a result of expired prepaid balances.

FX-adjusted figures per country is presented in Note 3.

Net sales from external customers are comprised of the following categories.

	2015	2014
Sales of service	22,471	22,115
Sales of equipment	4,385	3,840
Total net sales	**26,856**	**25,955**

Mobile external net sales can be split into the following categories of revenues.

	2015	2014
Sweden, mobile		
End-user service revenue	7,368	7,252
Operator revenue	956	955
Service revenue	*8,324*	*8,207*
Equipment revenue	2,272	2,258
Other revenue	631	636
	11,227	**11,101**
Netherlands, mobile		
End-user service revenue	1,404	1,203
Operator revenue	169	149
Service revenue	*1,573*	*1,352*
Equipment revenue	962	605
	2,535	**1,957**
Kazakhstan, mobile		
End-user service revenue	1,287	978
Operator revenue	451	338
Service revenue	*1,738*	*1,316*
Equipment revenue	16	18
	1,754	**1,334**
Croatia, mobile		
End-user service revenue	839	803
Operator revenue	208	274
Service revenue	*1,047*	*1,077*
Equipment revenue	382	313
	1,429	**1,390**
Lithuania, mobile		
End-user service revenue	886	847
Operator revenue	198	183
Service revenue	*1,084*	*1,030*
Equipment revenue	435	334
	1,519	**1,364**
Latvia, mobile		
End-user service revenue	580	551
Operator revenue	185	203
Service revenue	*765*	*754*
Equipment revenue	174	153
	939	**907**
Estonia, mobile		
End-user service revenue	412	382
Operator revenue	70	64
Service revenue	*482*	*446*
Equipment revenue	124	136
	606	**582**
Germany, mobile		
End-user service revenue	436	439
Equipment revenue	1	1
	437	**440**
TOTAL, MOBILE		
End-user service revenue	**13,212**	**12,455**
Operator revenue	**2,237**	**2,166**
Service revenue	***15,449***	***14,621***
Equipment revenue	**4,366**	**3,818**
Other revenue	**631**	**636**
TOTAL MOBILE EXTERNAL NET SALES	**20,446**	**19,075**

In 2015, equipment revenue in Sweden was positively impacted by SEK 149 (445) million as a result of sale to other than end-users.

Continued Note 5

Number of customers

by thousands	Note	Number of customers Dec 31, 2015	Dec 31, 2014	Net customer intake 2015	2014
Sweden					
Mobile		3,741	3,687	120	–51
Fixed broadband		70	57	–15	–23
Fixed telephony		196	232	–46	–41
		4,007	**3,976**	**59**	**–115**
Netherlands					
Mobile		844	813	31	119
Fixed broadband		344	369	–25	–5
Fixed telephony		55	75	–20	–32
		1,243	**1,257**	**–14**	**82**
Kazakhstan					
Mobile		4,400	3,297	1,103	546
		4,400	**3,297**	**1,103**	**546**
Croatia					
Mobile		785	823	–38	30
		785	**823**	**–38**	**30**
Lithuania					
Mobile		1,742	1,810	–68	–41
		1,742	**1,810**	**–68**	**–41**
Latvia					
Mobile		958	975	–17	–56
		958	**975**	**–17**	**–56**
Estonia					
Mobile		484	488	–4	–15
Fixed telephony		3	3	–	–1
		487	**491**	**–4**	**–16**
Austria					
Fixed broadband		102	108	–6	–10
Fixed telephony		131	148	–17	–19
		233	**256**	**–23**	**–29**
Germany					
Mobile		219	242	–23	66
Fixed broadband		53	64	–11	–7
Fixed telephony		287	403	–116	–63
		559	**709**	**–150**	**–4**
TOTAL					
Mobile		**13,173**	**12,135**	**1,104**	**598**
Fixed broadband		**569**	**598**	**–57**	**–45**
Fixed telephony		**672**	**861**	**–199**	**–156**
TOTAL NUMBER OF CUSTOMERS AND NET CUSTOMER INTAKE		**14,414**	**13,594**	**848**	**397**
Divested companies	15			–	–385
Changed method of calculation				–28	–
TOTAL NUMBER OF CUSTOMERS AND NET CHANGE		**14,414**	**13,594**	**820**	**12**

In 2015, customer stock in Sweden and Croatia decreased with –28,000 and –22,000 customers, respectively, in connection with implementation of a new IT system, and in Sweden also due to changed principle for twin cards.

In 2014, the fixed broadband customer stock in Sweden decreased with –385,000 customers as a result of the sale of the Swedish residential cable and fiber operations.

No customer represent 10 percent or more of net sales.

NOTE 6 EBITDA AND EBIT

	Note	EBITDA 2015	2014	EBIT 2015	2014
Sweden					
Mobile		3,515	3,224	2,544	2,139
Fixed broadband		96	85	15	–13
Fixed telephony		166	195	148	178
Other operations		67	108	40	67
		3,844	**3,612**	**2,747**	**2,371**
Netherlands					
Mobile		–410	–182	–669	–244
Fixed broadband		545	693	42	178
Fixed telephony		50	142	29	126
Other operations		260	250	193	177
		445	**903**	**–405**	**237**
Kazakhstan					
Mobile		54	43	–225	–178
		54	**43**	**–225**	**–178**
Croatia					
Mobile		138	169	–20	87
		138	**169**	**–20**	**87**
Lithuania					
Mobile		538	506	445	430
		538	**506**	**445**	**430**
Latvia					
Mobile		295	294	173	187
		295	**294**	**173**	**187**
Estonia					
Mobile		133	149	30	47
Fixed telephony		3	4	3	3
Other operations		20	20	9	5
		156	**173**	**42**	**55**
Austria					
Mobile		–30	–2	–34	–2
Fixed broadband		126	119	29	37
Fixed telephony		83	95	66	61
Other operations		24	19	6	–2
		203	**231**	**67**	**94**
Germany					
Mobile		14	–27	–3	–61
Fixed broadband		21	22	16	16
Fixed telephony		130	136	128	123
		165	**131**	**141**	**78**
Other					
Other operations		–81	–136	–75	–145
		–81	**–136**	**–75**	**–145**
TOTAL					
Mobile		**4,247**	**4,174**	**2,241**	**2,405**
Fixed broadband		**788**	**919**	**102**	**218**
Fixed telephony		**432**	**572**	**374**	**491**
Other operations		**290**	**261**	**173**	**102**
		5,757	**5,926**	**2,890**	**3,216**
One-off items	4, 6			–443	274
TOTAL EBITDA AND EBIT		**5,757**	**5,926**	**2,447**	**3,490**

In 2014, the EBITDA in Sweden was positively impacted by SEK 8 million as a result of decisions by PTS, as stated in Note 5, regarding termination rates for previous periods, of which mobile amounted to SEK 35 million, fixed broadband to SEK –15 million and fixed telephony to SEK –12 million.

In 2014, the EBITDA for fixed telephony in Netherlands was positively impacted by SEK 48 million as a result of settled disputes regarding wholesale line rental.

In 2014, the EBITDA for mobile in Estonia was positively impacted by SEK 20 million as a result of the sales of a mobile license in the 2600 MHz frequency band.

FX-adjusted figures per country is presented in Note 3.

Continued Note 6

Bridge from EBITDA to EBIT

	Note	2015	2014
EBITDA		**5,757**	**5,926**
Impairment of goodwill	6	–196	–
Sale of operations	7, 15	12	261
Acquisition costs	15	–118	–
Challenger program	6	–247	–10
Other one-off items	6, 8	106	23
Total one-off items		**–443**	**274**
Depreciation/amortization and other impairment		–2,862	–2,696
Result from shares in joint ventures and associated companies	16	–5	–14
EBIT		**2,447**	**3,490**

One-off items for segment reporting

Impairment of goodwill

In 2015, an impairment loss on goodwill of SEK 196 million was recognized referring to the cash generating unit Estonia. The impairment loss was based on the estimated value in use. The impairment was recognized as a result of the underlying performance of the Estonian economy and Tele2's operation. Additional information is presented in Note 13.

Sale of operations

The sale of the Swedish residential cable and fiber operations was completed in 2014 and the capital gain amounted to SEK 258 million.

Acquisition costs

In 2015, EBIT (administrative expenses) was negatively impacted by SEK –118 million concerning expenses related to the upcoming combination of the Tele2 and Kazakhtelecom mobile operations in Kazakhstan. Additional information is presented in Note 15.

Challenger program: restructuring costs

At the end of 2014, Tele2 announced its Challenger Program, which is a program to step change productivity in the Tele2 Group. The program will strengthen the organization further and enable it to continue to challenge the industry. The costs associated with the program are reported as one-off items and in the income statement on the following line items.

	2015	2014
Cost of services provided	–58	–1
Selling expenses	–34	–
Administrative expenses	–155	–9
Total Challenger program costs	**–247**	**–10**
of which:		
–redundancy costs	*–105*	*–*
–other employee and consultancy costs	*–119*	*–10*
–exit of contracts and other costs	*–23*	*–*

Other one-off items

In 2015, other operating revenues in Sweden was positively affected by SEK 112 million, concerning transactions related to sales of 2G sites to Net4Mobility, an infrastructure joint operation between Tele2 Sweden and Telenor Sweden, as well as the result of dismantling 2G sites. Additional information is presented in Note 7.

In 2015, other operating expenses was negatively affected by SEK –6 (–18) million, related to devaluation in Kazakhstan. Additional information is presented in Note 8.

In 2014, Sweden has been positively affected by SEK 41 million, due to the counterparty withdrew its claim concerning the ruling from the Administrative Court of Appeal in June 2010 regarding price on whole and split copper cable.

Depreciation/amortization and impairment

By function

	2015	2014
Depreciation/amortization		
Cost of service provided	–2,234	–2,002
Selling expenses	–94	–190
Administrative expenses	–524	–479
Total depreciation/amortization	**–2,852**	**–2,671**
Impairment		
Cost of service provided	–211	–13
Administrative expenses	–	–12
Total impairment	**–211**	**–25**
TOTAL DEPRECIATION/AMORTIZATION AND IMPAIRMENT FOR THE YEAR	**–3,063**	**–2,696**

By type of asset

	2015	2014
Depreciation/amortization		
Utilization rights and software	–358	–298
Licenses (frequency)	–334	–239
Customer agreements	–26	–78
Construction in progress, intangible assets	–1	–
Buildings	–10	–9
Machinery and technical plant	–1,855	–1,863
Equipment and installations	–268	–184
Total depreciation/amortization	**–2,852**	**–2,671**
Impairment		
Utilization rights and software	–	–12
Goodwill	–196	–
Machinery and technical plant	–3	–13
Construction in progress, tangible assets	–12	–
Total impairment	**–211**	**–25**
TOTAL DEPRECIATION/AMORTIZATION AND IMPAIRMENT FOR THE YEAR	**–3,063**	**–2,696**

NOTE 7 OTHER OPERATING INCOME

	Note	2015	2014
Gain on sale of sites to Net4Mobility, Sweden		112	–
Service level agreements, for sold operations		135	198
Sale to joint operations		85	102
Exchange rate gains from operations		38	52
Sale of residential cable and fiber operations, Sweden	15	12	258
Sale of non-current assets		9	23
Liquidation of Versapoint, Germany		–	3
Other income		10	11
Total other operating income		**401**	**647**

In 2015, other operating revenues in Sweden was positively affected by SEK 112 million, concerning transactions related to sales of 2G sites to Net4Mobility, an infrastructure joint operation between Tele2 Sweden and Telenor Sweden, as well as the result of dismantling 2G sites. The mission for Net4Mobility is to build and operate a combined 2G and 4G network. From its establishment Tele2 and Telenor have transferred sites to the joint operation. These site transfers have now been completed resulting in a positive impact on Tele2's financial statement. Tele2 and Telenor are technically MVNO's with Net4Mobility and hence act as capacity purchasers.

NOTE 8 OTHER OPERATING EXPENSES

	2015	2014
Service level agreements, for sold operations	–64	–156
Exchange rate loss from operations	–59	–41
Devaluation in Kazakhstan	–6	–18
Sale/scrapping of non-current assets	–9	–9
Other expenses	–3	–4
Total other operating expenses	**–141**	**–228**

In 2015, other operating expenses was negatively affected by SEK –6 (–18) million, related to devaluation in Kazakhstan. The total foreign exchange rate effect of assets and liabilities in Kazakhstan was reported in other comprehensive income and amounted at the time for the devaluation to SEK –416 (–117) million. Please refer to Note 25 regarding effects on change in fair value of put option Kazakhstan.

NOTE 9 INTEREST INCOME

	2015	2014
Interest, bank balances	3	11
Interest, penalty interest	5	7
Total interest income	**8**	**18**

All interest income is for financial assets reported at amortized cost. Interest income related to impaired financial assets, such as accounts receivable, are not significant.

NOTE 10 INTEREST COSTS

	2015	2014
Interest, financial institutions and similar liabilities	–249	–288
Interest, other interest-bearing liabilities	–87	–73
Interest, penalty interest	–15	–18
Interest, related to disputes	–17	–
Other finance expenses	–16	–17
Total interest costs	**–384**	**–396**

All interest costs are for financial instruments not valued at fair value through the income statement.

NOTE 11 OTHER FINANCIAL ITEMS

	2015	2014
Change in fair value, put option Kazakhstan	–51	427
Exchange rate differences	1	–27
EUR net investment hedge, interest component	–3	9
NOK net investment hedge, interest component	–1	–11
Impairment of shares in Modern Holding Inc	–	–5
Other finance expenses	–5	–5
Total other financial items	**–59**	**388**

For information regarding the put option in Kazakhstan as well as EUR and NOK net investment hedges please refer to Note 2 and Note 25.

NOTE 12 TAXES

Tax expense/income

	2015	2014
Current tax expense, on profit current year	–345	–469
Current tax expense/income, on profit prior periods	–53	1
Current tax expense	–398	–468
Deferred tax expense	–346	–406
Total tax on profit for the year	**–744**	**–874**

Current tax expense on profit prior periods of SEK –53 million mainly relates to changed group contribution in a Swedish company.

Theoretical tax expense

The difference between recorded tax expense for the Group and the tax expense based on prevailing tax rates in each country consists of the below listed components.

	2015		2014	
Profit before tax	2,012		3,500	
Tax expense/income				
Theoretic tax according to prevailing tax rate in each country	–428	–21.3%	–798	–22.8%
Tax effect of				
Impairment of goodwill, non-deductible	–39	–1.9%	–	–
Sales of shares in subsidiaries, non-taxable	–	–	96	2.7%
Result from associated companies	–	–	–3	–0.1%
Other non-deductible expenses/non-taxable revenues	–191	–9.5%	–133	–3.8%
Adjustment due to changed tax rate	–	–	5	0.1%
Expired tax loss carry-forwards	–	–	–36	–1.0%
Adjustment of tax assets from previous years	58	2.9%	33	0.9%
Change of not valued loss-carry forwards	–144	–7.2%	–38	–1.1%
Tax expense/income and effective tax rate for the year	**–744**	**–37.0%**	**–874**	**–25.0%**

Other non-deductible expenses/non-taxable revenues of SEK –191 (–133) million mainly relates to non-deductible interest costs in Sweden.

The weighted average tax rate was 21.3 (22.8) percent. The decrease on the previous year's figure was mainly due to the fact that countries with a higher tax rate, such as Netherlands, having a relatively lower impact on the result than countries with lower tax rate, such as Sweden and the Baltics.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items.

	Dec 31, 2015	Dec 31, 2014
Deferred tax assets		
Unutilized loss carry-forwards	1,850	2,055
Tangible assets	60	68
Receivables	13	2
Liabilities	73	67
Pensions	10	12
Total deferred tax assets	**2,006**	**2,204**
Netted against deferred liabilities	–42	–142
Total deferred tax assets according to the balance sheet	**1,964**	**2,062**
Deferred tax liabilities		
Intangible assets	–34	–30
Tangible assets	–410	–293
Other	–295	–177
Total deferred tax liabilities	**–739**	**–500**
Netted against deferred assets	42	142
Total deferred tax liabilities according to the balance sheet	**–697**	**–358**
NET OF DEFERRED TAX ASSETS AND TAX LIABILITIES	**1,267**	**1,704**

Continued Note 12

The movement in deferred income tax assets and liabilities during the year is as follows.

	Dec 31, 2015	Dec 31, 2014
Deferred tax assets/-liabilities as of January 1	1,704	2,312
Reported in income statement	−346	−406
Reported in income statement, discontinued operations	–	−31
Reported in other comprehensive income	−28	29
Reported in equity	–	3
Assets classified as held for sale	–	−313
Exchange rate differences	−63	110
Deferred tax assets/-liabilities as of December 31	**1,267**	**1,704**

Tax loss carry-forwards

The Group's total tax loss carry-forwards (LCF) as of December 31, 2015 were 11,452 (12,392) million of which SEK 6,791 (7,711) million were recognized as a deferred tax asset and the remaining part, SEK 4,661 (4,681) million, were not recognized. Total tax loss carry-forwards expire according to below.

	Recognized		Not recognized		Total	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Expires in five years	–	–	476	939	476	939
Expires after five years	363	327	2,003	1,472	2,366	1,799
With expiration date	**363**	**327**	**2,479**	**2,411**	**2,842**	**2,738**
No expiration date	6,428	7,384	2,182	2,270	8,610	9,654
Total tax loss carry-forwards	**6,791**	**7,711**	**4,661**	**4,681**	**11,452**	**12,392**

	Dec 31, 2015	Dec 31, 2014
Deferred tax assets		
Companies reported a profit this year and previous year	1,807	2,062
Companies reported a profit this year but a loss the previous year	60	–
Companies reported a loss this year	97	–
Total deferred tax assets	**1,964**	**2,062**

Deferred tax assets were reported for deductible temporary differences and tax loss carry-forwards to the extent convincing evidence showed that these can be utilized against future taxable profits. Deferred tax assets concerning operations which reported losses in 2015 were related to Netherlands. The operation in Netherlands has during the year turned from profits into losses as a result of the role-out of the new mobile business and are expected to show profits within a few years.

NOTE 13 INTANGIBLE ASSETS

	Dec 31, 2015						
	Utilization rights and software	Licenses (frequency)	Customer agreements	Construction in progress	Total other intangible assets	Goodwill	Total
Acquisition value							
Acquisition value at January 1	3,516	4,559	2,487	595	11,157	13,719	24,876
Investments	87	49	–	453	589	–	589
Sales and scrapping	−90	−18	–	−55	−163	−5	−168
Reclassification	450	61	–	−510	1	–	1
Exchange rate differences	−92	−394	−222	−3	−711	−804	−1,515
Total acquisition value	**3,871**	**4,257**	**2,265**	**480**	**10,873**	**12,910**	**23,783**
Accumulated amortization							
Accumulated amortization at January 1	−2,095	−1,314	−2,393	–	−5,802		−5,802
Amortization	−358	−334	−26	−1	−719		−719
Sales and scrapping	71	11	–	1	83		83
Exchange rate differences	44	174	219	–	437		437
Total accumulated amortization	**−2,338**	**−1,463**	**−2,200**	**–**	**−6,001**		**−6,001**
Accumulated impairment							
Accumulated impairment at January 1	−273	−122	−47	–	−442	−4,216	−4,658
Impairment	–	–	–	–	–	−196	−196
Sales and scrapping	–	–	–	–	–	5	5
Exchange rate differences	–	5	2	–	7	158	165
Total accumulated impairment	**−273**	**−117**	**−45**	**–**	**−435**	**−4,249**	**−4,684**
TOTAL INTANGIBLE ASSETS	**1,260**	**2,677**	**20**	**480**	**4,437**	**8,661**	**13,098**

Tele2 does not have any capitalized research and development or any other internally generated intangible assets.

CAPEX per service within each country is presented in Note 14.

Continued Note 13

	Dec 31, 2014						
	Utilization rights and software	Licenses (frequency)	Customer agreements	Construction in progress	Total other intangible assets	Goodwill	Total
Acquisition value							
Acquisition value at January 1	3,262	4,409	3,027	668	11,366	13,522	24,888
Acquisition value for assets classified as held for sale	–320	–60	–661	–50	–1,091	–495	–1,586
Acquisition value in divested companies	–	–	–	–2	–2	–	–2
Investments	50	110	–	610	770	–	770
Sales and scrapping	–35	–90	–	–5	–130	–	–130
Reclassification	520	57	–	–628	–51	–	–51
Exchange rate differences	39	133	121	2	295	692	987
Total acquisition value	**3,516**	**4,559**	**2,487**	**595**	**11,157**	**13,719**	**24,876**
Accumulated amortization							
Accumulated amortization at January 1	–1,914	–1,150	–2,688	–	–5,752		–5,752
Accumulated amortization for assets classified as held for sale	172	22	661	–	855		855
Amortization	–346	–245	–258	–	–849		–849
Sales and scrapping	23	88	–	–	111		111
Exchange rate differences	–30	–29	–108	–	–167		–167
Total accumulated amortization	**–2,095**	**–1,314**	**–2,393**	**–**	**–5,802**		**–5,802**
Accumulated impairment							
Accumulated impairment at January 1	–273	–114	–44	–	–431	–3,985	–4,416
Impairment	–12	–	–	–	–12	–	–12
Sales and scrapping	12	–	–	–	12	–	12
Exchange rate differences	–	–8	–3	–	–11	–231	–242
Total accumulated impairment	**–273**	**–122**	**–47**	**–**	**–442**	**–4,216**	**–4,658**
TOTAL INTANGIBLE ASSETS	**1,148**	**3,123**	**47**	**595**	**4,913**	**9,503**	**14,416**

Goodwill

In connection with the acquisition of operations, goodwill is allocated to the cash generating units that are expected to receive future financial benefits such as for example synergies as a result of the acquired operations. In the event that separate cash generating units cannot be identified, goodwill is allocated to the lowest level at which the operation and its assets are controlled and monitored internally, which is on country level.

	Dec 31, 2015	Dec 31, 2014
Sweden	1,091	1,091
Netherlands	4,554	4,744
Kazakhstan	470	818
Lithuania	771	803
Latvia	1,106	1,152
Estonia	641	867
Austria	9	9
Other	19	19
Total goodwill	**8,661**	**9,503**

Allocation of goodwill and test for goodwill impairment

Tele2 tests goodwill for impairment annually by calculating the recoverable value for the cash-generating units to which goodwill are allocated. The recoverable value of the respective cash generating unit is based on the higher of estimated value in use and fair value less costs to sell.

The most important criteria in the calculations of values in use are growth rates, profit margins, investment levels and discount rates. The expected revenue growth rate, profit margin and investment level are based on sector data as well as management's assessment of market-specific risks and opportunities, including expected changes in competition, the business model used by Tele2 and the regulatory environment. Management's assessment of the range of revenues, profits and investments are limited to Tele2's current telecom licences and assets. The discount rate takes into account the prevailing interest rates and specific risk factors in a particular cash-generating unit. The discount rate before tax (WACC) varies between 9 and 15 (10 and 16) percent.

Tele2 calculates future cash flows based on the most recently to the Board presented three-year plan. In one (two) case we extend the business case for an additional seven (seven) years until the forecasted cash flow growth is considered more stable. For the period after this, annual growth of up to 2 (up to 2) percent is assumed. These rates do not exceed the average long-term growth for the sector as a whole nor do they exceed the expected long term GDP growth rates in the markets. In 2015, Tele2 recognized goodwill impairment loss of the cash generating unit Estonia of SEK 196 million (2014: no impairment loss). For additional information see Note 6.

On November 4, 2015 Tele2 announced the agreement with Kazakhtelecom to merge their mobile operations in Kazakhstan, Tele2 Kazakhstan and Altel, in a jointly owned company. Necessary regulatory approvals for the transactions were received end of January 2016 and the transaction was completed on February 29, 2016. For additional information see Note 15. In the transaction process, valuations of the Tele2 and Altel operations were performed jointly with Kazakhtelecom and with support from two external parties. Based on these valuations, which are reflected in the terms and conditions of the transaction, the value of the Tele2 Kazakhstan operation exceeds the book value as per December 31, 2015. Hence, we conclude that no impairment is needed.

Changes to important assumptions

The carrying amounts of cash-generating units for which impairment losses were recognized in 2015, i.e. Estonia, have been written down to its value in use. A subsequent negative development to any important assumption would give rise to further impairment losses.

For the other cash-generating units to which goodwill have been allocated Tele2 assesses that reasonable possible changes in the major assumptions should not have such significant effects that they individually would reduce the value in use to a value that is lower than the carrying value on the cash generating units.

The value in use calculations, used for all cash-generating units except for Kazakhstan, are based on the following assumptions per country.

	WACC pre tax		Forecast period, in year		Growth rate after the forecast period	
	2015	2014	2015	2014	2015	2014
Sweden	11%	11%	3	3	0%	0%
Netherlands	15%	15%	10	10	0%	0%
Lithuania	10%	10%	3	3	2%	2%
Latvia	9%	10%	3	3	2%	2%
Estonia	9%	10%	3	3	2%	2%
Austria	10%	10%	3	3	0%	0%

NOTE 14 TANGIBLE ASSETS

Dec 31, 2015	Buildings	Equipment and installations	Construction in progress	Total other tangible assets	Machinery and technical plant	*of which finance leases*	Total
Acquisition value							
Acquisition value at January 1	241	1,827	2,102	4,170	30,609	*579*	34,779
Investments	9	76	3,047	3,132	506	*–*	3,638
Dismantling costs	–	–	–	–	196	*–*	196
Sales and scrapping	–2	–136	–13	–151	–494	*–24*	–645
Reclassification	58	348	–2,685	–2,279	2,278	*28*	–1
Exchange rate differences	–47	–100	–324	–471	–1,385	*–9*	–1,856
Total acquisition value	**259**	**2,015**	**2,127**	**4,401**	**31,710**	***574***	**36,111**
Accumulated depreciation							
Accumulated depreciation at January 1	–140	–1,323	–	–1,463	–21,119	*–448*	–22,582
Depreciation	–10	–268	–	–278	–1,855	*–30*	–2,133
Sales and scrapping	1	134	–	135	466	*24*	601
Reclassification	–1	1	–	–	–	*–*	–
Exchange rate differences	7	64	–	71	502	*8*	573
Total accumulated depreciation	**–143**	**–1,392**	**–**	**–1,535**	**–22,006**	***–446***	**–23,541**
Accumulated impairment							
Accumulated impairment at January 1	–4	–7	–	–11	–1,048	–	–1,059
Impairment	–	–	–12	–12	–3	–	–15
Sales and scrapping	–	–	13	13	–	–	13
Reclassification	–	–	–13	–13	13	–	–
Exchange rate differences	–	–	–	–	83	–	83
Total accumulated impairment	**–4**	**–7**	**–12**	**–23**	**–955**	**–**	**–978**
TOTAL TANGIBLE ASSETS	**112**	**616**	**2,115**	**2,843**	**8,749**	***128***	**11,592**

Machinery and technical plant in Kazakhstan of SEK 51 (69) million is pledged for loan in Kazakhstan according to Note 25.
Finance leases relate to the expansion of transmission capacity in Sweden and Austria, please refer to Note 30.

Dec 31, 2014	Buildings	Equipment and installations	Construction in progress	Total other tangible assets	Machinery and technical plant	*of which finance leases*	Total
Acquisition value							
Acquisition value at January 1	192	1,584	2,273	4,049	31,805	*569*	35,854
Acquisition value for assets classified as held for sale	–	–35	–497	–532	–2,012	*–*	–2,544
Acquisition value in divested companies	–	–	–4	–4	–7	*–*	–11
Investments	8	57	2,906	2,971	235	*–*	3,206
Dismantling costs	–	–	–	–	226	*–*	226
Sales and scrapping	–5	–148	–	–153	–2,709	*–8*	–2,862
Reclassification	30	297	–2,647	–2,320	2,371	*5*	51
Exchange rate differences	16	72	71	159	700	*13*	859
Total acquisition value	**241**	**1,827**	**2,102**	**4,170**	**30,609**	***579***	**34,779**
Accumulated depreciation							
Accumulated depreciation at January 1	–129	–1,242	–	–1,371	–21,725	*–414*	–23,096
Accumulated depreciation for assets classified as held for sale	–	20	–	20	415	*–*	435
Depreciation	–9	–191	–	–200	–2,048	*–30*	–2,248
Sales and scrapping	6	145	–	151	2,682	*8*	2,833
Exchange rate differences	–8	–55	–	–63	–443	*–12*	–506
Total accumulated depreciation	**–140**	**–1,323**	**–**	**–1,463**	**–21,119**	***–448***	**–22,582**
Accumulated impairment							
Accumulated impairment at January 1	–3	–7	–	–10	–1,001	–	–1,011
Impairment	–	–	–	–	–13	–	–13
Sales and scrapping	–	–	–	–	7	–	7
Exchange rate differences	–1	–	–	–1	–41	–	–42
Total accumulated impairment	**–4**	**–7**	**–**	**–11**	**–1,048**	**–**	**–1,059**
TOTAL TANGIBLE ASSETS	**97**	**497**	**2,102**	**2,696**	**8,442**	***131***	**11,138**

Continued Note 14

CAPEX

	Dec 31, 2015	Dec 31, 2014
Intangible assets	589	770
Tangible assets	3,638	3,206
Total CAPEX	**4,227**	**3,976**
Less intangible assets in discontinued operations	–	–70
Less tangible assets in discontinued operations	–	–456
TOTAL CAPEX IN CONTINUING OPERATIONS	**4,227**	**3,450**

The difference between CAPEX and paid CAPEX is presented in Note 31.

	CAPEX	
	Dec 31, 2015	Dec 31, 2014
Sweden		
Mobile	664	553
Fixed broadband	95	46
Fixed telephony	12	8
Other operations	13	15
	784	**622**
Netherlands		
Mobile	1,210	1,042
Fixed broadband	471	426
Fixed telephony	15	15
Other operations	77	44
	1,773	**1,527**
Kazakhstan		
Mobile	532	319
	532	**319**
Croatia		
Mobile	272	116
	272	**116**
Lithuania		
Mobile	114	107
	114	**107**
Latvia		
Mobile	113	82
	113	**82**
Estonia		
Mobile	77	133
Other operations	7	5
	84	**138**
Austria		
Mobile	38	–
Fixed broadband	68	30
Fixed telephony	8	23
Other operations	10	9
	124	**62**
Germany		
Mobile	4	13
Fixed broadband	2	2
	6	**15**
Other		
Other operations	425	462
	425	**462**
TOTAL		
Mobile	**3,024**	**2,365**
Fixed broadband	**636**	**504**
Fixed telephony	**35**	**46**
Other operations	**532**	**535**
TOTAL CAPEX ACCORDING TO BALANCE SHEET	**4,227**	**3,450**

Other refers mainly to investments in central systems.

NOTE 15 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

	2015	2014
ACQUISITIONS		
Acquisitions of group companies	–	6
Total group companies	**–**	**6**
Capital contributions to joint ventures	–4	–9
Repayment of capital contributions from associated companies	–	4
Acquisitions of associated companies	–	–4
Total joint ventures and associated companies	**–4**	**–9**
TOTAL ACQUISITION OF SHARES AND PARTICIPATIONS	**–4**	**–3**
DIVESTMENTS		
Tele2 Norway	4,904	–
Residential cable and fiber operations, Sweden	–6	709
Settlements of previous years' divestment of Tele2 Russia	–6	–32
Total group companies	**4,892**	**677**
Adworx, associated company in Austria	5	–
Total associated companies	**5**	**–**
TOTAL SALE OF SHARES AND PARTICIPATIONS	**4,897**	**677**
TOTAL CASH FLOW EFFECT	**4,893**	**674**

Acquisitions

Announced combination of operations, Kazakhstan

On November 4, 2015 Tele2 announced the agreement with Kazakhtelecom to merge their mobile operations in Kazakhstan, Tele2 Kazakhstan and Altel, in a jointly owned company. Necessary regulatory approvals for the transactions were received end of January 2016 and the transaction was completed on February 29, 2016. Management is currently preparing the purchase price allocation. As this work is currently ongoing it will be presented in the interim report for Q1 2016.

Upon completion Tele2 will have a 49 percent economic ownership in the jointly owned company, but 51 percent of the voting rights. Tele2 will also appoint the CEO and all other management roles except for the CFO. Tele2 has concluded that Tele2 will have the control over the jointly owned company as defined by IFRS and consequently the company will be consolidated by Tele2. After three years Tele2 will through a put option be able to sell its 49 percent stake at fair value to Kazakhtelecom, which holds a symmetrical call option.

As part of the transaction Tele2 will at closing acquire Asianet's existing 49 percent stake in Tele2 Kazakhstan. The purchase price amounts to an initial payment of USD 15 million (SEK 125 million) and a deferred consideration equivalent to an 18 percent economic interest in the jointly owned company during a three year period. After three years Asianet will have a put option on its 18 percent earn out interest and Tele2 will have a symmetrical call option. The exercise price of the put and call options will be the fair market value of the 18 percent interest in the jointly owned company. Under the agreement Asianet is guaranteed a minimum deferred consideration of KZT 8.4 billion (approx. USD 25 million or SEK 207 million). Therefore, the purchase agreement with Asianet means that Tele2's effective economic interest in the jointly owned company during the first three years will be 31 percent.

The financing of the jointly owned company will be provided by contributing Tele2 Kazakhstan to the jointly owned company with existing shareholder loans of KZT 97 billion (SEK 2.4 billion) and a pre-existing interest free subordinated loan of nominal KZT 11.7 million (SEK 287 million) from Kazakhtelecom with extended maturity to 2031. Future funding needs for the jointly owned company will be provided via bank debt guaranteed by Kazakhtelecom.

The current put option held by the non-controlling shareholder Asianet on its existing 49 percent stake in Tele2 Kazakhstan was on December 31, 2015 valued at fair value. For additional information, please refer to Note 25.

Continued Note 15

Divestments

Tele2 Norway

On July 7, 2014 Tele2 announced the divestment of its Norwegian operations to TeliaSonera Group. The sale was completed in February 2015 after approval by regulatory authorities. The divested operation has been reported separately under discontinued operations in the income statement, with a retrospective effect on previous periods. Additional information are presented in Note 36.

4T Sverige (WyWallet), Sweden

On April 30, 2015 Tele2 announced, together with Telia, Telenor and Tre, the sale of its Swedish joint venture 4T Sverige AB to PayEx. 4T Sverige AB offers payment services through WyWallet and in connection with the sale an agreement was made to continue to offer WyWallets services via the mobile operators' invoices. WyWallet has had no significant impact on Tele2's income statement during the periods presented.

Residential cable and fiber operations, Sweden

On October 23, 2013 Tele2 announced the sale of its Swedish residential cable and fiber operations to Telenor for SEK 793 million. The sale was completed on January 2, 2014 after approval by regulatory authorities and the capital gain amounted to SEK 258 million.

NOTE 16 JOINT VENTURES AND ASSOCIATED COMPANIES

	Holding		Book value of shares		Result from shares	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	2015	2014
4T Sverige AB, Sweden	–	25%	–	3	–7	–13
Adworx Internetservice GmbH, Austria	–	47.4%	–	4	2	–1
SNPAC Swedish Nr Portability Adm.Centre AB, Sweden	20%	20%	4	3	–	–
GH Giga Hertz HB as well as 15 other trading companies with licenses, Sweden	33.3%	33.3%	3	3	–	–
Total joint ventures and associated companies			**7**	**13**	**–5**	**–14**

Result from shares in joint ventures and associated companies

	2015	2014
Loss after taxes in associated companies	–	–52
Holdings	20%–47.4%	20%–47.4%
Participation in loss of associated companies	–	–14
Sale of shares	–5	–
Total result of shares in joint ventures and associated companies	**–5**	**–14**

Extracts from the income statements of joint ventures and associated companies

	2015	2014
Net sales	45	86
Operating loss	–	–51
Loss before tax	–	–51
Net loss	–	–52

Shares in joint ventures and associated companies

	Dec 31, 2015	Dec 31, 2014
Acquisition value		
Acquisition value at January 1	13	28
Opening balance in assets held for sale	–	–11
Investments	4	9
Capital loss	–5	–
Share of loss for the year	–	–13
Divestments	–5	–
Total shares in joint ventures and associated companies	**7**	**13**

None of the associated companies are listed on stock exchanges.

Extracts from the balance sheets of associated companies

	Dec 31, 2015	Dec 31, 2014
Intangible assets	–	2
Tangible assets	1	1
Financial assets	–	1
Current assets	25	114
Total assets	**26**	**118**
Equity	18	39
Current liabilities	8	79
Total equity and liabilities	**26**	**118**

NOTE 17 OTHER FINANCIAL ASSETS

	Dec 31, 2015	Dec 31, 2014
Receivable from sold equipment	1,030	1,128
Prepayment T-Mobile Netherlands, Mobile site access	229	243
VAT receivable, Kazakhstan	90	200
Pension funds	98	45
Non-current holdings of securities	9	8
Other receivables	–	22
Total other financial assets	**1,456**	**1,646**

As part of the Network Sharing Agreement, Tele2 Netherlands has agreed with T-Mobile to prepay part of the mobile site access rent cost to finance the investments of T-Mobile to modernize their network.

Non-current securities consist of shares in the companies listed below.

	Holding (capital/votes)	Dec 31, 2015	Dec 31, 2014
Modern Holdings Inc, US	11.88%	6	6
Radio National Skellefteå AB, Sweden	5.5%	2	1
Estonian Broadband Development Foundation, Estonia	13%	1	1
Total non-current securities		**9**	**8**

NOTE 18 INVENTORIES

	Dec 31, 2015	Dec 31, 2014
Finished products & goods for resale	690	497
Other	2	3
Total inventories	**692**	**500**

Tele2's inventories consist mainly of telephones, but also SIM cards and modems held for sale. In 2015 inventories was expensed by SEK 4,491 (4,255) million, of which SEK 9 (10) million was related to write-downs.

NOTE 19 ACCOUNTS RECEIVABLE

	Dec 31, 2015	Dec 31, 2014
Accounts receivable	2,786	2,968
Reserve for doubtful accounts	–623	–579
Total accounts receivable, net	**2,163**	**2,389**

	Dec 31, 2015	Dec 31, 2014
Reserve for doubtful accounts		
Reserve for doubtful accounts at January 1	579	597
Reserve for doubtful accounts for assets classified as held for sale	–	–42
Provisions	141	116
Recovery of previous provisions	–75	–122
Exchange rate differences	–22	30
Total reserve for doubtful accounts	**623**	**579**

	Dec 31, 2015	Dec 31, 2014
Accounts receivable, overdue with no reserve		
Overdue between 1–30 days	250	429
Overdue between 31–60 days	51	90
Overdue more than 60 days	117	169
Total accounts receivable, overdue with no reserve	**418**	**688**

NOTE 20 OTHER CURRENT RECEIVABLES

	Dec 31, 2015	Dec 31, 2014
Receivable from sold equipment	2,387	1,771
Receivables from customers due to prepaid VAT	349	40
VAT receivable	246	84
Receivable from Net4Mobility, joint operation in Sweden	220	128
Derivatives	48	47
Prepayment T-Mobile Netherlands, Mobile site access (Note 17)	32	20
Receivable from Svenska UMTS-nät, joint operation in Sweden	19	38
Receivable from suppliers	15	14
Receivable from insurance companies	–	11
Receivable from 4T, associated company in Sweden	–	6
Other	28	34
Total other current receivables	**3,344**	**2,193**

Derivatives consists of currency swaps, valued at fair value. The effective part of the swaps were reported in the hedge reserve in other comprehensive income and the ineffective part was reported as interest costs and other financial items, respectively, in the income statement. 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. For additional information please refer to Note 2.

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2015	Dec 31, 2014
Traffic revenues, from other telecom operators	458	362
Traffic revenues, from end-users	354	332
Subscription fees etc, from end-users	144	146
Accrued income, other	76	110
Rental cost	244	217
Frequency usage	169	127
Fixed subscription charges	30	33
Retailers' commissions, prepaid cards	10	15
Prepaid expenses, other	106	102
Total prepaid expenses and accrued revenues	**1,591**	**1,444**

SEK 18 (16) million of the balance sheet item is estimated to be paid more than 12 months after the closing date.

NOTE 22 CURRENT INVESTMENTS

	Dec 31, 2015	Dec 31, 2014
Restricted funds	32	38
Total current investments	**32**	**38**

NOTE 23 CASH AND CASH EQUIVALENTS AND UNUTILIZED OVERDRAFT FACILITIES

Available liquidity

	Dec 31, 2015	Dec 31, 2014
Cash and cash equivalents	107	151
Unutilized overdraft facilities and credit lines	7,783	8,073
Total available liquidity	**7,890**	**8,224**

	Dec 31, 2015	Dec 31, 2014
Unutilized overdraft facilities and credit lines		
Overdraft facilities granted	1,018	1,143
Overdraft facilities utilized	–543	–682
Total unutilized overdraft facilities	**475**	**461**
Unutilized credit lines	7,308	7,612
TOTAL UNUTILIZED OVERDRAFT FACILITIES AND CREDIT LINES	**7,783**	**8,073**

Tele2's share of liquid funds in joint operations, for which Tele2 has limited disposal rights, amounted at December 31, 2015 to SEK 34 (4) million and was included in the Group's cash and cash equivalents.

No specific collateral is provided for overdraft facilities or unutilized credit lines.

Exchange rate difference in cash and cash equivalents

	Dec 31, 2015	Dec 31, 2014
Exchange rate differences in cash and cash equivalents at January 1	–16	3
Exchange rate differences in cash flow for the year	–55	89
Total exchange rate differences in cash and cash equivalents for the year	**–71**	**92**

NOTE 24 EQUITY, NUMBER OF SHARES AND EARNINGS PER SHARE

Number of shares

	A shares		B shares		C shares		Total
	Change	Total	Change	Total	Change	Total	
As of January 1, 2014		**20,261,316**		**425,373,023**		**3,149,000**	**448,783,339**
Reclassification of A shares to B shares	–406	20,260,910	406	425,373,429	–	3,149,000	448,783,339
Reclassification of C shares to B shares	–	20,260,910	150,000	425,523,429	–150,000	2,999,000	448,783,339
As of December 31, 2014		**20,260,910**		**425,523,429**		**2,999,000**	**448,783,339**
New share issue	–	20,260,910	–	425,523,429	2,300,000	5,299,000	451,083,339
Reclassification of C shares to B shares	–	20,260,910	3,400,000	428,923,429	–3,400,000	1,899,000	451,083,339
Total number of shares as of December 31, 2015		**20,260,910**		**428,923,429**		**1,899,000**	**451,083,339**

	2015	2014
Number of outstanding shares	446,188,367	445,722,973
Number of shares in own custody	4,894,972	3,060,366
Number of shares, weighted average	446,032,991	445,594,010
Number of shares after dilution	449,020,673	448,799,576
Number of shares after dilution, weighted average	448,904,102	448,606,438

The share capital in Tele2 AB is divided into three classes of shares: Class A, B and C shares. All types of shares have a quota value of SEK 1.25 per share and Class A and B shares have the same rights in the company's net assets and profits while Class C shares are not entitled to dividend. Shares of Class A entitle the holder to 10 voting rights per share and Class B and C shares to one voting right per share.

There are no limitations regarding how many votes each shareholder may vote for at general meetings of shareholders. The Articles of Association make no stipulation that limits the right to transfer the shares.

In the case of a bid for all shares or a controlling part of the shares in Tele2, the financing facility may be accelerated and due for immediate repayment. In addition, some interconnect agreements and some other agreements may be terminated.

In 2015, Tele2 issued, and immediately repurchased, 2,300,000 new C shares to be used for future exercises of LTIs, resulting in an increase in share capital of SEK 3 million. In 2015, 3,400,000 (150,000) C shares and 0 (406) A shares were reclassified to B shares.

Continued Note 24

Shares in own custody

	B shares		C shares		Total
	Change	Total	Change	Total	
As of January 1, 2014		**136,739**		**3,149,000**	**3,285,739**
Reclassification of C shares to B shares	150,000	286,739	–150,000	2,999,000	3,285,739
Delivery of own shares under LTI program	–225,373	61,366	–	2,999,000	3,060,366
As of December 31, 2014		**61,366**		**2,999,000**	**3,060,366**
New share issue/repurchase of own shares	–	61,366	2,300,000	5,299,000	5,360,366
Reclassification of C shares to B shares	3,400,000	3,461,366	–3,400,000	1,899,000	5,360,366
Delivery of own shares under LTI program	–465,394	2,995,972	–	1,899,000	4,894,972
Total number of shares in own custody as of December 31, 2015		**2,995,972**		**1,899,000**	**4,894,972**

Shares in own custody amount to 1.1 (0.7) percent of the share capital.

As a result of share rights in the LTI 2012 and LTI 2011 being exercised during 2015, Tele2 delivered 431,055 and 34,339 (225,373) B-shares respectively in own custody to the participants in the program.

Outstanding share rights

	Dec 31, 2015	Dec 31, 2014
Incentive program 2015–2018	1,093,535	
Incentive program 2014–2017	897,508	1,117,168
Incentive program 2013–2016	841,263	1,029,026
Incentive program 2012–2015	–	896,070
Incentive program 2011–2014	–	34,339
Total number of outstanding share rights	**2,832,306**	**3,076,603**

Further information is provided in Note 33.

Number of shares after dilution

	Dec 31, 2015	Dec 31, 2014
Number of shares	451,083,339	448,783,339
Number of shares in own custody	–4,894,972	–3,060,366
Number of outstanding shares, basic	446,188,367	445,722,973
Number of outstanding share rights	2,832,306	3,076,603
Total number of shares after dilution	**449,020,673**	**448,799,576**

Earnings per share

	Earnings per share		Earnings per share, after dilution	
	2015	2014	2015	2014
Net profit attributable to equity holders of the parent company	2,986	2,211	2,986	2,211
Weighted average number of shares	446,032,991	445,594,010	446,032,991	445,594,010
Incentive program 2015–2018			674,162	
Incentive program 2014–2017			1,038,774	665,045
Incentive program 2013–2016			942,717	1,071,624
Incentive program 2012–2015			209,258	930,283
Incentive program 2011–2014			6,200	345,476
Weighted average number of share rights			2,871,111	3,012,428
Weighted average number of outstanding shares after dilution			**448,904,102**	**448,606,438**
EARNINGS PER SHARE, SEK	**6.69**	**4.96**	**6.65**	**4.93**

Dividend and redemption

In respect of the financial year 2015, the Board of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) in May 2016, a total dividend payment of SEK 5.35 (14.85) per ordinary A and B share, to be comprised of an ordinary dividend of SEK 5.35 (4.85) and an extraordinary dividend of SEK 0 (10.00). At December 31, 2015 this correspond to a total of SEK 2,387 (6,619) million, of which ordinary dividend SEK 2,387 (2,162) million and extraordinary dividend SEK 0 (4,457) million.

For information regarding dividend policy please refer to Note 2.

Subsidiaries with material non-controlling interests

At December 31, 2015 Tele2 owned 51 percent of the shares in Tele2 Kazakhstan with a call option to buy the remaining 49 percent. The non-controlling shareholder had a put option to sell its shares to Tele2. Tele2 Kazakhstan is accounting-wise treated as a wholly-owned subsidiary to Tele2. Through agreements the other owner had protective rights in matters such as changes in the ownership structure, approval of dividends and other shareholder-related matters.

On November 4, 2015 Tele2 announced the agreement with Kazakhtelecom to merge their mobile operations in Kazakhstan, Tele2 Kazakhstan and Altel, in a jointly owned company. Necessary regulatory approvals for the transactions were received end of January 2016 and the transaction was completed on February 29, 2016.

Upon completion Tele2 will have a 49 percent economic ownership in the jointly owned company, but 51 percent of the voting rights. Tele2 will also appoint the CEO and all other management roles except for the CFO. Tele2 has concluded that Tele2 will have the control over the jointly owned company as defined by IFRS and consequently the company will be consolidated by Tele2. After three years Tele2 will through a put option be able to sell its 49 percent stake at fair value to Kazakhtelecom, which holds a symmetrical call option. For additional information, please refer to Note 15.

The tables below shows summarized financial information for Tele2 Kazakhstan before intra-group eliminations. No other material non-controlling interests exist.

	Tele2 Kazakhstan	
	2015	2014
Income statement		
Net sales	1,754	1,334
Operating loss	–232	–196
Loss before tax	–2,144	–590
Net loss	–2,144	–590

	Tele2 Kazakhstan	
	Dec 31, 2015	Dec 31, 2014
Balance sheet		
Intangible assets	725	1,336
Tangible assets	1,334	1,959
Financial assets	91	200
Current assets	193	240
Total assets	**2,343**	**3,735**
Non-current liabilities	4,770	5,178
Current liabilities	695	1,678
Total liabilities	**5,465**	**6,856**
Net assets	**–3,122**	**–3,121**

	Tele2 Kazakhstan	
	2015	2014
Cash flow statement		
Cash flow from operations before changes in working capital	–366	–170
Changes in working capital	31	–5
CASH FLOW FROM OPERATING ACTIVITIES	**–335**	**–175**
Cash flow from investing activities	–555	–370
CASH FLOW AFTER INVESTING ACTIVITIES	**–890**	**–545**
Cash flow from financing activities	863	564
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–27**	**19**
Cash and cash equivalents at beginning of the year	31	9
Exchange rate differences in cash and cash equivalents	–3	3
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1**	**31**

Continued Note 24

ROCE, return on capital employed

ROCE is calculated according to below.

	2015	2014	2013	2012	2011
EBIT, total operation	4,149	3,102	16,339	5,653	7,043
Financial income, total operation	9	26	55	24	28
Annualised return	**4,158**	**3,128**	**16,394**	**5,677**	**7,071**
in relation to					
Total assets	36,149	36,015	39,407	49,189	46,864
Non-interest bearing liabilities	–7,257	–7,227	–8,781	–11,248	–10,748
Provisions for asset dismantling	–771	–634	–488	–211	–129
Capital employed for assets classified as held for sale	–	3,098	395	–	–
Capital employed, closing balance	**28,121**	**31,252**	**30,533**	**37,730**	**35,987**
Capital employed, average	29,687	30,893	34,132	36,859	34,553
Total ROCE, %	**14.0**	**10.1**	**48.0**	**15.4**	**20.5**

NOTE 25 FINANCIAL LIABILITIES

	Dec 31, 2015	Dec 31, 2014
Liabilities to financial institutions and similar liabilities	8,985	6,758
Other interest-bearing liabilities	1,080	1,625
Total interest-bearing financial liabilities	**10,065**	**8,383**
Accounts payable	2,746	2,848
Other current liabilities	502	467
Total non-interest-bearing financial liabilities	**3,248**	**3,315**
TOTAL FINANCIAL LIABILITIES	**13,313**	**11,698**

Financial risk management and financial instruments are presented in Note 2.

Financial liabilities fall due for payment according to below.

	Dec 31, 2015		Dec 31, 2014	
	Nominal value	Recorded value	Nominal value	Recorded value
Within 3 months	7,140	7,139	5,655	5,655
Within 3–12 months	1,437	1,429	1,450	1,450
Within 1–2 years	3,438	3,425	140	106
Within 2–3 years	269	250	3,586	3,554
Within 3–4 years	615	615	325	281
Within 4–5 years	448	448	202	202
Within 5–10 years	5	5	450	450
Within 10–15 years	2	2	–	–
Total financial liabilities	**13,354**	**13,313**	**11,808**	**11,698**

Interest-bearing financial liabilities

Interest-bearing financial liabilities fall due for payments as follows:

	Within 1 year	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years	Within 5–15 years	Total
Variable interest rates	915	1,068	183	615	198	7	2,986
Fixed interest rates	4,405	2,357	67	–	250	–	7,079
Total interest-bearing liabilities	**5,320**	**3,425**	**250**	**615**	**448**	**7**	**10,065**

Collateral provided

	Dec 31, 2015	Dec 31, 2014
Fixed assets	51	69
Total collateral provided for own liabilities	**51**	**69**

Liabilities to financial institutions and similar liabilities

			Dec 31, 2015		Dec 31, 2014	
Creditors *(collateral provided)*	Interest rate terms	Maturity date	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Bonds NOK			–	–	315	–
Bonds NOK	NIBOR +2.35%	2017	–	955	–	1,049
Bonds SEK	STIBOR +2.85%	2017	–	1,498	–	1,498
Bonds SEK	fixed: 4.875%	2017	–	800	–	799
Bonds SEK			–	–	750	–
Bonds SEK	STIBOR +2.45%	2020	–	250	–	250
Bonds SEK	variable interest rates	2020	500	–	500	–
Total bonds			**500**	**3,503**	**1,565**	**3,596**
Commercial paper	fixed: 0.02%–0.20%	2016	3,784	–	215	–
Nordic Investment Bank (NIB)	variable interest rates	2017–2020	–	677	–	705
Syndicated loan facilities	variable interest rates	2018[1]	–	–22	–	–38
Kazkommertsbank	variable interest rates	2015	–	–	33	–
Utilized bank overdraft facility	variable interest rates		543	–	682	–
			4,827	**4,158**	**2,495**	**4,263**
Total liabilities to financial institutions and similar liabilities				**8,985**		**6,758**

[1] refinanced on January 13, 2016 with a new maturity of 2021

Tele2 has a EUR 0.8 billion credit facility with a syndicate of 11 banks. On January 13, 2016 Tele2 announced the refinancing of the credit facility agreement amounting to EUR 0.8 billion with 11 relationship banks. The new facility has a tenor of five years with maturity in May 2021 with two one-year extension options and replaces the existing revolving credit facility dated May 2012. The loans can be drawn in several currencies and the interest base is the relevant IBOR for that currency. On December 31, 2015, the syndicated loan facility was unutilized and prepaid upfront fees to be recognized in profit/loss over the remaining contract period amounted to SEK –22 (–38) million. The facility is conditioned by covenant requirements which Tele2 expects to fulfil.

Tele2 AB has a NOK 1.0 (1.4) billion bond issued in the Norwegian bond market. The bond is listed on Oslo børs.

Tele2 AB's Euro Medium-Term Note (EMTN) Program forms the basis for Tele2's medium and long term debt issuance in both international and domestic bond markets. The program enables Tele2 to issue bonds and notes up to a total aggregate amount of EUR 3 billion. On December 31, 2015 issued bonds under the program amounted to SEK 3.0 (3.8) billion.

Tele2 AB's established Swedish commercial paper program enables to issue commercial papers up to a total amount of SEK 5 billion. Commercial papers can be issued with a tenor up to 12 months under the program. The commercial paper program is a complement to Tele2's core funding. On December 31, 2015 outstanding commercial papers amounted to SEK 3.8 (0.2) billion.

As a further step towards the diversification of Tele2's funding sources, Tele2 AB has an 8-year-maturity loan agreement with Nordic Investment Bank (NIB) totalling EUR 74 million.

The average interest rate on loans during the year was 4.4 (5.0) percent.

Continued Note 25

Other interest-bearing liabilities

	Dec 31, 2015		Dec 31, 2014	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Put option, Kazakhstan	125	416	887	–
Kazakhtelecom *(collateral: fixed assets in Tele2 Kazakhstan)*	121	126	98	292
Derivatives	231	–	294	–
Finance leases	16	45	16	38
	493	**587**	**1,295**	**330**
Total other interest-bearing liabilities		**1,080**		**1,625**

The put option held at December 31, 2015 by the non-controlling shareholder Asianet on its, by that time, 49 percent stake in Tele2 Kazakhstan was on December 31, 2015 valued at fair value equivalent to SEK 541 (887) million. The valuation was based on the agreements with Kazakhtelecom and Asianet announced on November 4, 2015 (for additional information please refer to Note 15). At year-end the value of the current put option hence represents the initial consideration of USD 15 million (SEK 125 million) to be paid to Asianet and an estimate of the present value of the deferred consideration equivalent to Asianet's 18 percent economic interest in the jointly owned company. The present value of the deferred consideration was calculated based on expected future cash flows of the jointly owned company discounted at a pre-tax rate of 14.5 percent and perpetual growth rate of 2 percent after the nine year projection period. Key assumptions refer to expected growth rate, profit margins, investment levels and discount rate. The change in value consists of changes in fair value reported as other financial items in the income statement of SEK –51 (427) million and exchange rate differences of SEK 397 (36) million recognized in other comprehensive income and relates mainly to the devaluation of the Kazakhstan currency during the year. Additional information is presented in Note 24.

At the time of the acquisition of Tele2 Kazakhstan the company had an existing interest free liability to the former owner. On December 31, 2015 reported debt amounted to SEK 247 (390) million and the nominal value to SEK 287 (500) million.

Derivatives consists of interest swaps and currency swaps, valued at fair value. The effective part of the swaps were reported in the hedge reserve in other comprehensive income and the ineffective part was reported as interest costs and other financial items, respectively, in the income statement. 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. For additional information please refer to Note 2.

For information on finance leases please refer to Note 30.

Net debt

Net debt consist of the following items.

	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011
Interest-bearing non-current and current liabilities	10,991	9,190	9,430	17,512	14,664
Excluding provisions	–926	–807	–679	–559	–474
Cash & cash equivalents, current investments and restricted funds	–139	–189	–1,413	–1,745	–1,128
Other financial interest-bearing receivables (swap agreements etc)	–48	–47	–10	–21	–2
Net debt for assets classified as held for sale	–	–12	–	–	–
Total net debt	**9,878**	**8,135**	**7,328**	**15,187**	**13,060**

Other current liabilities

	Dec 31, 2015	Dec 31, 2014
VAT liability	231	173
Liability to Net4Mobility, joint operation in Sweden	118	103
Liability to Svenska UMTS-nät, joint operation in Sweden	57	73
Employee withholding tax	61	64
Debt to customers	3	17
Debt to other operators	14	16
Customer deposit	10	12
Debt to content suppliers	–	3
Other	8	6
Total current liabilities	**502**	**467**

NOTE 26 PROVISIONS

	2015					
	Dismant-ling costs	Rented buildings and cables	Legal disputes	Claims and guarantees for divested operations	Pension and similar commit-ments	Total
Provisions as of January 1	634	57	11	38	67	807
Additional provisions	65	–	1	36	4	106
Utilized/paid provisions	–3	–	–	–	–12	–15
Reversed unused provisions	–23	–45	–	–	–	–68
Effect from discounting	22	–	–	–	–	22
Changed inflation and discount rate	131	–	–	–	–	131
Exchange rate differences	–55	–	–	–2	–	–57
Total provisions as of December 31	**771**	**12**	**12**	**72**	**59**	**926**

	Dec 31, 2015	Dec 31, 2014
Provisions, current	52	47
Provisions, non-current	874	760
Total provisions	**926**	**807**

Provisions are expected to fall due for payment according to below:

	Dec 31, 2015	Dec 31, 2014
Within 1 year	52	47
Within 1–3 years	43	81
Within 3–5 years	27	23
More than 5 years	804	656
Total provisions	**926**	**807**

Dismantling costs refer to dismantling and restoration of mobile and fixed network sites. Remaining provision as of December 31, 2015 is expected to be fully utilized during the coming 30 years.

NOTE 27 ACCRUED EXPENSES AND DEFERRED INCOME

	Dec 31, 2015	Dec 31, 2014
Traffic expenses to other telecom operators	453	500
Investments in non-current assets	546	558
External service expenses	511	509
Personnel-related expenses	563	486
Leasing and rental expenses	153	95
Expenses for dealers	66	86
Interest costs	38	43
Other accrued expenses	88	55
Deferred income, prepaid cards	268	337
Deferred income, other	541	594
Total accrued expenses and deferred income	**3,227**	**3,263**

NOTE 28 PLEDGED ASSETS

	Dec 31, 2015	Dec 31, 2014
Fixed assets	51	69
Current investments, bank deposits	32	38
Total pledged assets	**83**	**107**

The opposite parties can only take over the pledged items in case Tele2 neglects its duty to pay its debts according to the agreements.

NOTE 29 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Contingent liabilities

	Dec 31, 2015	Dec 31, 2014
Asset dismantling obligation	137	137
KPN dispute, Netherlands	212	83
Tax dispute, Russia	154	90
Total contingent liabilities	**503**	**310**

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 unlikely and consequently only reports this obligation as contingent liabilities.

Tele2 Netherlands is, in the ordinary course of its business, involved in several regulatory complaints and disputes pending with the appropriate governmental authorities. In a specific case regarding the rental fees of copper lines, which Tele2 Netherlands uses as part of its fixed operations, the regulator (ACM) has determined that the rental fees are to be adjusted with retroactive effect from 2009. On July 21, 2015 the Supreme Administrative Court (CBb) ruled that ACM had no powers to impose any deduction on the WPC IIA price caps from 2009 till now. This resulted in an additional claim from KPN of EUR 14.5 million for the first 3 years (2009–2011), which were previously deducted by ACM in their ruling. This has resulted in a total claim from KPN for the time period 2009–2014 amounting to EUR 23.2 million (SEK 212 million) which is subject to pending appeals and court cases which are expected to go on for several years. Our assessment is that it is unlikely that Tele2 will have to pay these fees and consequently no provision has been made.

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. On December 31, 2015 Tele2 has won tax disputes equivalent to SEK 187 million, of which the Russian tax authorities has appealed SEK 154 million. In addition, Tele2 has lost tax disputes of SEK –16 million, of which Tele2 has appealed SEK –7 million. On December 31, 2015 total provisions for Russian tax disputes amounted to SEK 16 million. Even though it cannot be ruled out that Tele2 may be liable to certain costs, Tele2 assesses that it is not likely that any additional taxes need to be paid and consequently no additional provisions have been made.

Other contractual commitments

	Dec 31, 2015	Dec 31, 2014
Commitments, investments	578	610
Commitments, other	2,327	1,191
Total future fees for other contractual commitments	**2,905**	**1,801**

Other commitments mainly relate to commitments for ordered and contracted goods and services that can not be cancelled without economic effects. During the year new agreements were signed for other contractual commitments concerning goods.

NOTE 30 LEASES

Finance leases

Finance leases relate to the expansion of transmission capacity in Sweden and Austria. The carrying value of the lease assets is stated in Note 14. The contracts span over periods ranging from 5 to 25 years. Contracts with shorter lease periods contain purchase or extension options. Some of the agreements contain index clauses.

Total future minimum lease payments and their present value amount to:

	Dec 31, 2015		Dec 31, 2014	
	Present value	Nominal value	Present value	Nominal value
Within 1 year	18	18	18	18
Within 1–2 years	17	18	15	17
Within 2–3 years	11	12	13	15
Within 3–4 years	6	7	7	8
Within 4–5 years	4	5	1	1
Within 5–10 years	4	6	–	–
Within 10–15 years	1	2	–	–
Total loan liability and interest		**68**		**59**
Less interest portion		–7		–5
TOTAL FINANCE LEASES	**61**	**61**	**54**	**54**

Operating leases

	2015	2014
Leased capacity	1,391	1,304
Other operating leases	878	786
Annual leasing expenses for operating leases	**2,269**	**2,090**

The cost of operating leases relates mainly to leased capacity. Other assets that are held under operating leases relate to rented premises, machines and office equipment. Tele2 has a multitude of agreements relating to leased lines. The majority of these involve some type of initiation fee and thereafter monthly or quarterly fees. Most of the agreements have terms ranging from six months to three years with the option of extending the terms. Generally these agreements have no index clauses or possibilities to acquire the asset.

Contractual future lease expenses are stated below:

	Dec 31, 2015	Dec 31, 2014
Within 1 year	1,537	1,442
Within 1–2 years	704	736
Within 2–3 years	514	510
Within 3–4 years	368	355
Within 4–5 years	342	302
Within 5–10 years	755	606
Within 10–15 years	187	199
More than 15 years	191	218
Total future lease expenses for operating leases	**4,598**	**4,368**

Operating leases with Tele2 as the lessor

Leasing income during the year amount to SEK 95 (95) million and relates mainly to rent from other operators placing equipment on Tele2 sites as well as leased equipment (mainly modems) to customers. Contract periods range from 3 to 25 years.

Contractual future lease income are stated below:

	Dec 31, 2015	Dec 31, 2014
Within 1 year	77	83
Within 1–2 years	23	17
Within 2–3 years	16	16
Within 3–4 years	14	16
Within 4–5 years	13	14
Within 5–10 years	56	59
Within 10–15 years	45	49
More than 15 years	53	59
Total future lease income for operating leases	**297**	**313**

NOTE 31 SUPPLEMENTARY CASH FLOW INFORMATION

Cash flow from operating activities based on the net result (total operations)

	2015	2014
OPERATING ACTIVITIES		
Net profit	2,986	2,211
Adjustments for non-cash items in operating profit		
Depreciation/amortization and impairment	3,084	3,122
Result from shares in joint ventures and associated companies	5	15
Gain/loss on sale of fixed assets	–112	–13
Gain/loss on sale of operations	–1,746	–244
Incentive program	40	29
Unpaid financial items	–37	–261
Income tax	35	142
Deferred tax expense	346	437
Cash flow from operations before changes in working capital	**4,601**	**5,438**
Changes in working capital	–1,072	–860
CASH FLOW FROM OPERATING ACTIVITIES	**3,529**	**4,578**

CAPEX

The difference between investments in intangible and tangible assets (CAPEX) in the balance sheet and paid CAPEX, net, in the cash flow statement is stated below.

	2015	2014
CAPEX	–4,227	–3,976
CAPEX in divested companies	–13	–
This year's unpaid CAPEX and paid CAPEX from previous year	205	–226
Received payment of sold non-current assets	20	56
CAPEX paid	**–4,015**	**–4,146**

Of the year's investment in intangible and tangible assets, SEK 297 (101) million is unpaid on December 31, 2015 and has therefore not been reported as investments in the cash flow statement. Payment of the previous year's investment of SEK –92 (–327) million has been reported as investment in the cash flow for 2015. These items amount to a net of SEK 205 (–226) million.

CAPEX per service within each segment are presented in Note 14.

NOTE 32 NUMBERS OF EMPLOYEES

Average numbers of employees

		2015			2014		
	Note	Total	*of whom women*	*of whom men*	Total	*of whom women*	*of whom men*
Sweden		1,470	*32%*	*68%*	1,474	*32%*	*68%*
Netherlands		988	*24%*	*76%*	963	*26%*	*74%*
Kazakhstan		836	*53%*	*47%*	735	*53%*	*47%*
Croatia		140	*44%*	*56%*	123	*43%*	*57%*
Lithuania		360	*73%*	*27%*	140	*54%*	*46%*
Latvia		223	*61%*	*39%*	231	*60%*	*40%*
Estonia		264	*61%*	*39%*	249	*58%*	*42%*
Austria		269	*23%*	*77%*	274	*22%*	*78%*
Germany		116	*28%*	*72%*	121	*31%*	*69%*
Other		908	*32%*	*68%*	788	34%	66%
of which Sweden		*463*	*33%*	*67%*	*454*	*35%*	*65%*
of which Latvia		*442*	*31%*	*69%*	*331*	*31%*	*69%*
of which Luxembourg		*3*	*33%*	*67%*	*3*	*33%*	*67%*
		5,574	*39%*	*61%*	**5,098**	*37%*	*63%*
Discontinued operations	36	29	*38%*	*62%*	386	*36%*	*64%*
Total average number of employees		**5,603**	***39%***	***61%***	**5,484**	***37%***	***63%***

Numbers of employees

On December 31, 2015, the number of employees in Tele2 was 5,758 (2014: 5,387 excluding Norway) of which 40 (42) percent women and 60 (58) percent men. A breakdown per gender and age group etc is presented below.

	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015		Dec 31, 2014	
	Total	Total	Women	Men	Women	Men
Managers						
< 30 years	2%	1%	5%	9%	7%	5%
30–50 years	11%	9%	27%	52%	25%	55%
> 50 years	1%	1%	2%	5%	2%	6%
Total managers	**14%**	**11%**	**34%**	**66%**	**34%**	**66%**
Other employees						
< 30 years	32%	29%	18%	19%	17%	16%
30–50 years	48%	49%	21%	35%	19%	36%
> 50 years	6%	11%	2%	5%	8%	4%
Total other employees	**86%**	**89%**	**41%**	**59%**	**44%**	**56%**
TOTAL	**100%**	**100%**				

	Dec 31, 2015		Dec 31, 2014	
	Women	Men	Women	Men
For all group companies				
Board members	40%	60%	32%	68%
Senior executives	37%	63%	34%	66%
Total	**38%**	**62%**	**33%**	**67%**

NOTE 33 PERSONNEL COSTS

	Note	2015 Board of Directors and CEO	2015 *of which bonus*	2015 Other employees	2014 Board of Directors and CEO	2014 *of which bonus*	2014 Other employees
Sweden		5	*2*	809	5	*2*	756
Netherlands		7	*1*	592	3	*2*	568
Kazakhstan		4	*1*	121	3	*2*	89
Croatia		5	*3*	48	5	*3*	43
Lithuania		3	–	67	3	*1*	39
Latvia		2	*1*	44	2	*1*	43
Estonia		2	*1*	52	2	–	44
Austria		4	*1*	162	4	*1*	158
Germany		4	*1*	129	4	*1*	65
Other		29	*9*	490	30	*7*	461
of which Sweden		*25*	*8*	*388*	*27*	*7*	*388*
of which Latvia		*1*	–	*99*	*1*	–	*70*
of which Luxembourg		*3*	*1*	*3*	*2*	–	*3*
		65	***20***	**2,514**	**61**	***20***	**2,266**
Discontinued operations	36	–	–	26	6	*2*	282
Total salaries and remuneration		**65**	***20***	**2,540**	**67**	***22***	**2,548**

	Note	2015 Salaries and remune-rations	2015 Social security expenses	2015 *of which pension expenses*	2014 Salaries and remune-rations	2014 Social security expenses	2014 *of which pension expenses*
Board and President		65	19	*6*	61	22	*9*
Other employees		2,514	819	*176*	2,266	768	*177*
		2,579	**838**	***182***	**2,327**	**790**	***186***
Discontinued operations	36	26	5	*1*	288	57	*13*
Total		**2,605**	**843**	***183***	**2,615**	**847**	***199***

Pensions

	2015	2014
Defined-benefit plans, retirement pension	28	24
Defined-benefit plans, survivors' and disability pension	2	2
Defined-contribution plans	152	160
Total pension expenses	**182**	**186**

The defined benefit plans essentially relates to Sweden. Additional information regarding defined-benefit retirement plans is shown in the table below.

	2015	2014
Income statement		
Current service costs	–30	–19
Net interest cost	–	–6
Curtailments/settlements	2	1
	–28	**–24**
Special employer's contribution	–1	–2
Net cost recognized in the income statement	**–29**	**–26**

	Dec 31, 2015	Dec 31, 2014
Balance sheet		
Present value of funded obligations	–198	–228
Fair value of plan assets	249	217
Net	**51**	**–11**
Special employer's contribution	–12	–11
Net asset (+) / obligation (–) in balance sheet	**39**	**–22**
of which assets	*98*	*45*
of which liabilities	*–59*	*–67*

	2015	2014
Net asset (+) / obligation (–) at beginning of year	–22	45
Assets/liabilities classified as held for sale	–	2
Net cost	–29	–26
Payments	53	39
Actuarial gains/losses in other comprehensive income	38	–82
Exchange rate differences	–1	–
Net asset (+) / obligation (–) in balance sheet at end of year	**39**	**–22**

The defined benefit pension obligation in Sweden is calculated using a discount rate based on interest on mortgage bonds. The Swedish covered mortgage bonds are considered high-quality bonds, the market is considered deep and the bonds are issued by large banks, thereby meeting IAS19 requirements. There are no outstanding commitments for retired and resigned employees no longer employed by Tele2, since their future pensions are limited by the return on paid fees. Consequently, these persons are not included in the reported pension liability.

	Dec 31, 2015	Dec 31, 2014
Important actuarial assumptions		
Discount rate	3.3%	2.5%
Annual salary increases	3.0%	3.0%
Annual pension increases	3.0%	3.0%
Average expected remaining years of employment	9 years	9 years

Remuneration for senior executives

2015	Basic salary	Variable remune-ration	Share-based payment costs	Other benefits	Other remune-ration	Pension expenses	Total remune-ration
CEO and President,							
–Mats Granryd	9.4	4.4	–0.2[1]	1.7	–	3.9	**19.2**
–Allison Kirkby (Sep–Dec)	2.5	1.2	0.6	1.8	–	–	**6.1**
Other senior executives	28.6	9.9	7.9[1]	4.6	–	6.8	**57.8**
Total salaries and remuneration to senior executives	**40.5**	**15.5**	**8.3**	**8.1**	**–**	**10.7**	**83.1**

[1] Including reversal of previous years costs for terminated sharebased programs due to terminated employment, where of SEK –1.6 million was related to Mats and SEK –0.9 million to other senior excecutives

At the end of the year, the group Other senior executives comprises of 9 (10) persons.

2014	Basic salary	Variable remune-ration	Share-based payment costs	Other benefits	Other remune-ration	Pension expenses	Total remune-ration
CEO and President,							
-Mats Granryd	9.2	5.0	1.8	1.0	–	4.0	**21.0**
Other senior executives	28.7	13.6	5.0	6.4	7.4[1]	7.1	**68.2**
Total salaries and remuneration to senior executives	**37.9**	**18.6**	**6.8**	**7.4**	**7.4**	**11.1**	**89.2**

[1] Remunerations during notice period including reversal of previous years costs of SEK –0.5 million for terminated sharebased programs due to terminated employment

During 2015 the senior executives received 320,000 (290,000) share rights in the new incentive program for the year and 45,032 (16,101) share rights in previous years incentive programs as compensation for dividend. The market value of the share rights at the time of issue was SEK 2.3 million for the present CEO, SEK 5.4 (3.7) million for the former CEO and SEK 17.0 (14.8) million for other senior executives. No premium was paid for the share rights.

Number of share rights	LTI 2015 CEOs	LTI 2015 Other senior executives	LTI 2014 CEO	LTI 2014 Other senior executives
Outstanding as of January 1, 2015			56,000	234,000
Reclassification of opening balances due to changes in leadership team			–	–16,000
Allocated	68,000	252,000		
Allocated, compensation for dividend	–	–	6,060	20,995
Reclassification due to new role as CEO	31,500	–31,500	26,597	–26,597
Forfeited	–68,000	–	–62,060	–50,597
Total outstanding rights as of December 31, 2015	**31,500**	**220,500**	**26,597**	**161,801**

Continued Note 33

Number of share rights	LTI 2013 CEO	LTI 2013 Other senior executives	LTI 2012 CEO	LTI 2012 Other senior executives	LTI 2011 CEO	LTI 2011 Other senior executives
Outstanding as of January 1, 2015	58,117	149,448	74,548	159,745	17,725	16,614
Reclassification of opening balances due to changes in leadership team	–	–16,604	–	10,650	–	–
Allocated, compensation for dividend	6,291	11,686	–	–	–	–
Forfeited	–64,408	–24,908	–	–	–	–
Adjustments for outcome of the performance conditions	–	–	–40,096	–88,542	–	–
Exercised	–	–	–34,452	–81,853	–17,725	–16,614
Total outstanding rights as of December 31, 2015	**–**	**119,622**	**–**	**–**	**–**	**–**

Remuneration guidelines for senior executives 2015
The following guidelines for determining remuneration for senior executives for 2015 were approved by the Annual General Meeting in May 2015.

The objectives of Tele2's remuneration guidelines are to offer competitive remuneration packages to attract, motivate, and retain key employees within the context of an international peer group. The aim is to create incentives for the management to execute strategic plans and deliver excellent operating results, and to align management's incentives with the interests of the shareholders. Senior executives covered by the guidelines include the CEO and members of the Leadership Team ("senior executives"). In May 2015 Tele2 had nine senior executives.

Remuneration to the senior executives should comprise annual base salary, and variable short-term incentive (STI) and long-term incentive (LTI) programs. The STI shall be based on the performance in relation to established objectives. The objectives shall be related to the company's overall result and the senior executives' individual performance. The STI can amount to a maximum of 100 percent of the annual base salary.

Over time, it is the intention of the Board to increase the proportion of variable performance-based compensation as a component of the senior executives' total compensation.

The Board is continually considering the need of imposing restrictions in the STI program regarding making payments, or a proportion thereof, of such variable compensation conditional on whether the performance on which it was based has proved to be sustainable over time, and/or allowing the company to reclaim components of such variable compensation that have been paid on the basis of information which later proves to be manifestly misstated.

Other benefits may include e.g. company cars and for expatriated senior executives e.g. housing benefits for a limited period of time. The senior executives may also be offered health care insurances.

The senior executives are offered defined contribution pension plans. Pension premiums for the CEO can amount to a maximum of 25 percent of the annual salary (base salary and STI). For the other senior executives pension premiums can amount to a maximum of 20 percent of the annual salary (base salary and STI).

The maximum period of notice of termination of employment shall be 12 months in the event of termination by the CEO and six months in the event of termination by any of the other senior executives. In the event of termination by the company, the maximum notice period during which compensation is payable is 18 months for the CEO and 12 months for any of the other senior executives.

Under special circumstances, the Board may deviate from the above guidelines. In such a case, the Board is obligated to give account of the reason for the deviation during the following Annual General Meeting.

Board Members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board of Directors.

Board of directors

Total fees to the Board of Directors amount to SEK 5,044 (5,729) thousand following a decision by the Annual General Meeting in May 2015 and after that Mario Zanotti resigned as a Board of Director in September 2015.

SEK	Fees to the board 2015	Fees to the board 2014	Fees to the board committees 2015	Fees to the board committees 2014	Total fees 2015	Total fees 2014
Mike Parton	1,430,000	1,365,000	40,000	38,000	1,470,000	1,403,000
Lars Berg	–	525,000	–	75,000	–	600,000
Mia Brunell Livfors	–	525,000	–	–	–	525,000
Lorenzo Grabau	550,000	525,000	184,000	138,000	734,000	663,000
Irina Hemmers	550,000	525,000	105,000	100,000	655,000	625,000
Erik Mitteregger	550,000	525,000	105,000	100,000	655,000	625,000
Carla Smits-Nusteling	550,000	525,000	250,000	238,000	800,000	763,000
Eamonn O'Hare	550,000	–	–	–	550,000	–
Mario Zanotti	179,299	525,000	–	–	179,299	525,000
Total fee to board members	**4,359,299**	**5,040,000**	**684,000**	**689,000**	**5,043,299**	**5,729,000**

Share-based payments

The objective of the long-term incentive programs (LTI) is to create conditions for retaining competent employees in the Tele2 Group. The program 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 program rewards employees' loyalty and long-term growth in the Group. In that context, the Board of Directors is of the opinion that the program will have a positive effect on the future development of the Tele2 Group and thus be beneficial to both the company and its shareholders.

	Number of participants at grant date	Measure period	Dec 31, 2015	Dec 31, 2014
LTI 2015	197	Apr 1, 2015–Mar 31, 2018	1,093,535	–
LTI 2014	198	Apr 1, 2014–Mar 31, 2017	897,508	1,117,168
LTI 2013	204	Apr 1, 2013–Mar 31, 2016	841,263	1,029,026
LTI 2012	304	Apr 1, 2012–Mar 31, 2015	–	896,070
LTI 2011	283	Apr 1, 2011–Mar 31, 2014	–	34,339
Total number of outstanding share rights			**2,832,306**	**3,076,603**

No share rights were exercisable at the end of the year.

Cost before tax for outstanding incentive programs and liability is stated below.

	Actual costs before tax 2015	Actual costs before tax 2014	Estimated cumulative cost 2015	Estimated cumulative cost 2014	Liability Dec 31, 2015	Liability Dec 31, 2014
LTI 2015	12	–	69	–	2	–
LTI 2014	14	12	47	56	8	4
LTI 2013	11	18	41	52	11	6
LTI 2012	16	11	45	32	–	12
LTI 2011	–	–2	–	39	–	1
Total	**53**	**39**	**202**	**179**	**21**	**23**
of which cash based programs	*1*	*1*	*3*	–	*3*	*1*

During the Annual General Meeting held on May 19, 2015, the shareholders approved a retention and performance-based incentive program (LTI 2015) for senior executives and other key employees in the Tele2 Group. The program has the same structure as last year's incentive program.

In general, the participants in the program are required to own shares in Tele2. Thereafter, the participants were granted retention rights and performance rights free of charge. In the event delivery of shares under the program cannot be achieved at reasonable costs, with reasonable administrative efforts or due to market conditions, participants may instead be offered a cash-based settlement. Outstanding share rights that will be settled in cash are remeasured to fair value in each period and the obligation is reported as a liability.

Continued Note 33

Subject to the fulfilment of certain retention and performance-based conditions during the period April 1, 2015–March 31, 2018 (the measure period), the participant maintaining employment within the Tele2 Group at the release of the interim report January–March 2018 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 (retention rights) and Series B and C (performance rights). 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 9 percent as entry level and at least 12 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 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 program comprised a total number of 271,607 shares. In total this resulted in an allotment of 1,241,935 share rights, of which 271,607 Series A, 485,164 Series B and 485,164 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 per Series A	B	C	Total	Total allotment
CEO	1	8,500	1	3.5	3.5	8	68,000
Other senior executives	9	4,500	1	3	3	7	283,500
Category 1	40	2,000	1	1.5	1.5	4	282,845
Category 2	52	1,500	1	1.5	1.5	4	278,722
Category 3	95	1,000	1	1.5	1.5	4	328,868
Total	**197**						**1,241,935**

Total costs before tax for outstanding rights in the incentive program are expensed over the three-year vesting period.

The participant's maximum profit per share right in the program is limited to SEK 329, four times the average closing share price of the Tele2 Class B shares during February 2015 with deduction for the dividend paid in May 2015.

The estimated average fair value of the granted rights was SEK 71 on the grant date, June 8, 2015. 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	SEK 101.42	SEK 101.42	SEK 101.42
Expected life	2.87 years	2.87 years	2.87 years
Expected value reduction parameter market condition	75%	–	35%
Estimated fair value	SEK 76.10	SEK 101.40	SEK 35.50

To ensure the delivery of Class B shares under the program, the Annual General Meeting decided to authorise the Board of Directors to resolve on a directed issue of a maximum of 2,300,000 Class C shares and subsequently to repurchase the Class C shares. The mandate was used during 2015.

	LTI 2015		LTI 2014	
Number of rights	2015	Cumulative	2015	Cumulative
Allocated at grant date	1,241,935	1,241,935		1,180,268
Outstanding as of January 1, 2015			1,117,168	
Allocated, compensation for dividend	–	–	109,288	109,288
Forfeited	–148,400	–148,400	–283,551	–346,651
Performance conditions not reached, Norway	–	–	–43,665	–43,665
Exercised, cash settled, Norway	–	–	–1,732	–1,732
Total outstanding rights as of December 31, 2015	**1,093,535**	**1,093,535**	**897,508**	**897,508**
of which will be settled in cash	–	–	*9,147*	*9,147*

	LTI 2013		LTI 2012		LTI 2011	
Number of rights	2015	Cumulative	2015	Cumulative	2015	Cumulative
Allocated at grant date		1,204,128		1,132,186		1,056,436
Outstanding as of January 1, 2015	1,029,026		896,070		34,339	
Allocated, compensation for dividend	99,212	139,134	–	274,177	–	294,579
Forfeited	–230,926	–445,950	–11,924	–358,557	–	–351,296
Performance conditions not reached, Russia	–	–	–	–163,660	–	–92,041
Performance conditions not reached, Norway	–41,260	–41,260	–18,188	–18,188	–	–
Performance conditions not reached, other	–	–	–416,701	–416,701	–	–602,796
Exercised, cash settled, Russia	–	–	–	–	–	–44,156
Exercised, cash settled, Norway	–14,789	–14,789	–16,439	–16,439	–	–
Exercised, cash settled, other	–	–	–3,175	–3,175	–	–1,014
Exercised, equity settled, other	–	–	–429,643	–429,643	–34,339	–259,712
Total outstanding rights as of December 31, 2015	**841,263**	**841,263**	**–**	**–**	**–**	**–**
of which will be settled in cash	*42,261*	*42,261*	–		–	

Corresponding principles and conditions have been used for 2013 and 2014 year incentive program except for the measure period and levels for retention and performance based conditions.

	Maximum profit/right	Retention and performance based conditions Series A TSR	Series B ROCE	Series C TSR peer group
LTI 2013	SEK 347	> 0%	8–12.5%	> 10%
LTI 2014	SEK 355	> 0%	9–12%	> 10%

The exercise of the share rights in LTI 2012 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2012 until March 31, 2015. The outcome of these performance conditions was in accordance with below and the outstanding share rights has been exchanged for shares in Tele2 or cash during 2015.

Series	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
A	Total Shareholder Return Tele2 (TSR)		≥ 0%	26.0%	100%
B	Average normalised Return on Capital Employed (ROCE)[1]	19% /8%	23% /12.5%	18.2% /11.2%	51.3%
C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	0.4%	23.2%

[1] The targets are split into two parts; before and after the divestment of Tele2 Russia

Weighted average share price for share rights in LTI 2012 at date of exercise amounted to SEK 109.65 during 2015 and SEK 109.07 for all exercised LTI programs during the year.

NOTE 34 FEES TO THE APPOINTED AUDITOR

Total fees to the appointed auditor (Deloitte) during the year related to continued operations amounted to SEK 15 (14) million of which audit fees amounted to SEK 10 (9) million, audit-related fees amounted to SEK 1 (1) million and other consultation fees amounted to SEK 4 (4) million. There was no tax-related consultation fees. In addition, audit fees for discontinued operations amounted to SEK – (2) million.

Audit fees consisted of fees expensed for the annual audit of the statutory financial statements and statutory audits of subsidiaries.

Audit-related fees consisted of fees expensed for assurance and other services which were closely related to the audit of the company's financial statements or which are normally performed by the appointed auditor, and consultations concerning financial accounting and reporting standards. Examples are limited reviews of quarterly reports, comfort letters and opinions.

All other fees included fees expensed for all other consultations, such as costs of investigations and analyses in conjunction with corporate acquisitions (due diligence).

NOTE 35 CHANGED DEFINITIONS AND RECLASSIFICATIONS

Definitions

Net debt

In 2015, the definition of net debt has been changed to exclude operating interest-bearing assets and liabilities, mainly resulting in that provisions no longer are included.

Reclassifications

Accrued equipment receivables

In 2015, a reclassification was made of outstanding receivables on customers related to sold equipment, mainly handsets, from accrued income and accounts receivables to non-current and current interest-bearing receivables. The reclassification was made to reflect the character of the receivable and its maturity. The previous periods have been represented according to below.

	Dec 31, 2014	Jan 1, 2014
ASSETS		
Other financial assets	1,128	740
TOTAL NON-CURRENT ASSETS	**1,128**	**740**
Accounts receivable	–91	–93
Other current receivables	1,771	1,806
Prepaid expenses and accrued income	–2,808	–2,453
TOTAL CURRENT ASSETS	**–1,128**	**–740**
TOTAL ASSETS	**–**	**–**

NOTE 36 DISCONTINUED OPERATIONS

On February 5, 2015 the Norwegian competition authorities announced that they have approved Tele2's divestment of its Norwegian operations to TeliaSonera announced in July 2014. The Norwegian operations were sold for SEK 5.1 billion and resulted in a capital gain in 2015 of SEK 1.7 billion, including transaction costs and costs for central support system for the Norwegian operation. The capital gain include a positive effect of SEK 89 million related to exchange rate differences previously reported in other comprehensive income which have been recycled over the income statement but with no effect on total equity.

The divested operations including capital gain, reported separately as discontinued operations in the income statement with a retrospective effect on previous periods, are stated below.

Net assets at the time of divestment

Assets, liabilities and contingent liabilities included in the divested operations are stated below.

	Norway
Goodwill	497
Other intangible assets	318
Tangible assets	2,113
Financial assets	22
Deferred tax assets	315
Inventories	5
Current receivables	869
Cash and cash equivalents	203
Exchange rate differences	4
Non-current provisions	–108
Current provisions	–10
Current non-interest-bearing liabilities	–810
Divested net assets	**3,418**
Capital gain	1,652
Sales price, net sales costs	**5,070**
Sales costs etc, non-cash	37
Less: cash in divested operations	–203
TOTAL CASH FLOW EFFECT	**4,904**

The Norwegian and Russian operations reported as discontinued operations are stated below.

Income statement

	2015	2014
Net sales	301	4,009
Cost of services provided	–241	–3,115
Gross profit	**60**	**894**
Selling expenses	–62	–932
Administrative expenses	–31	–332
Result from shares in joint ventures and associated companies	–	–1
Other operating income	1	3
Other operating expenses	–	–3
EBIT	**–32**	**–371**
Interest income	1	8
Interest costs	–	–4
EBT	**–31**	**–367**
Income tax from the operation	–3	–31
NET PROFIT/LOSS FROM THE OPERATION	**–34**	**–398**
Gain on disposal of operation including cumulative exchange rate gain	1,734	–17
Income tax from capital gain	18	–
	1,752	**–17**
NET PROFIT/LOSS	**1,718**	**–415**
Earnings per share, SEK	3.85	–0.93
Earnings per share, after dilution, SEK	3.83	–0.93

Cash flow statement

	2015	2014
OPERATING ACTIVITIES		
EBIT	1,702	–388
Adjustments for non-cash items in operating profit	–1,713	444
Finance items paid	–	7
Cash flow from operations before changes in working capital	**–11**	**63**
Changes in working capital	59	–146
CASH FLOW FROM OPERATING ACTIVITIES	**48**	**–83**
INVESTING ACTIVITIES		
CAPEX paid	–15	–647
Free cash flow	***33***	***–730***
Sale of shares	4,898	–32
Change of non-current receivables	–	13
Cash flow from investing activities	**4,883**	**–666**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**4,931**	**–749**

Continued Note 36

Additional information

	Net sales		EBITDA		EBIT	
	2015	2014	2015	2014	2015	2014
Mobile	289	3,832	–12	36	–33	–402
Fixed telephony	14	198	2	40	1	32
Other operations	–	–	–1	–20	–	–1
	303	**4,030**	**–11**	**56**	**–32**	**–371**
Internal sales, elimination	–2	–21				
TOTAL	**301**	**4,009**	**–11**	**56**	**–32**	**–371**

	2015	2014
EBITDA	**–11**	**56**
Sale of shares in joint ventures and associated companies	–	–1
Depreciation/amortization and other impairment	–21	–426
EBIT	**–32**	**–371**

	Number of customers		Net intake	
In thousands	Dec 31, 2015	Dec 31, 2014	2015	2014
Mobile	–	1,125	–19	6
Fixed telephony	–	51	–1	–12
Number of customers and net customer intake	**–**	**1,176**	**–20**	**–6**
Divested companies			–1,156	–
Number of customers and net change	**–**	**1,176**	**–1,176**	**–6**

	CAPEX	
	2015	2014
Mobile	13	513
Fixed telephony	–	13
Total	**13**	**526**

Additional cash flow information:

	2015	2014
CAPEX	–13	–526
This year's unpaid CAPEX and paid CAPEX from previous year	–2	–121
CAPEX paid	**–15**	**–647**

NOTE 37 JOINT OPERATIONS AND OTHER RELATED PARTIES

Business relations and pricing between Tele2 and all related parties are based on commercial terms and conditions. During 2015, Tele2 engaged in transactions with the following related companies/persons.

Joint operations

Svenska UMTS-nät AB, Sweden

Tele2 is one of two turnkey contractors which plan, expand and operate the joint operation Svenska UMTS-nät AB's 3G network. Tele2 and TeliaSonera each own 50 percent and both companies have contributed capital to the 3G company. In addition to this, the build-out has owner financing.

Net4Mobility HB, Sweden

Net4Mobility is an infrastructure joint operation between Tele2 Sweden and Telenor Sweden, where each party owns 50 percent. The company's mission is to build and operate the combined 2G and 4G network, which is the most extensive 4G network in Sweden. The network enable Tele2 and Telenor to offer their customers mobile services for data communications and voice. The build-out has owner financing. During 2015 the transferring of sites from the owners to Net4Mobility was completed resulting in a gain for Tele2 of SEK 57 million (please refer to Note 7). The transfers did not have any other material effect on Tele2's financial statements.

Extracts from the income statements, balance sheets and cash flow statements of joint operations

Amounts below shows summarized financial information for joint operations before inter-company eliminations.

	2015		2014	
	Sv UMTS-nät Sweden	Net4Mobility Sweden	Sv UMTS-nät Sweden	Net4Mobility Sweden
Income statement				
Net sales	1,275	1,132	1,411	983
Operating profit	94	82	131	84
Profit before tax	37	–512	37	–1,622
Net profit	29	–512	29	–1,622

	Dec 31, 2015		Dec 31, 2014	
	Sv UMTS-nät Sweden	Net4Mobility Sweden	Sv UMTS-nät Sweden	Net4Mobility Sweden
Balance sheet				
Intangible assets	–	2,277	–	2,479
Tangible assets	2,646	2,447	3,032	2,059
Deferred tax assets	129	–	137	–
Current assets	429	391	481	269
Total assets	**3,204**	**5,115**	**3,650**	**4,807**
Equity	539	–30	510	482
Untaxed reserves	–	2,207	–	1,649
Non-current liabilities	2,300	1,799	2,650	1,984
Current liabilities	365	1,139	490	692
Total equity and liabilities	**3,204**	**5,115**	**3,650**	**4,807**

	2015		2014	
	Sv UMTS-nät Sweden	Net4Mobility Sweden	Sv UMTS-nät Sweden	Net4Mobility Sweden
Cash flow statement				
Cash flow from operations before changes in working capital	530	542	616	475
Changes in working capital	48	140	79	16
CASH FLOW FROM OPERATING ACTIVITIES	**578**	**682**	**695**	**491**
Cash flow from investing activities	–127	–517	–270	–464
Cash flow from financing activities	–451	–173	–425	–41
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–**	**–8**	**–**	**–14**
Cash and cash equivalents at beginning of the year	–	8	–	22
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**–**	**–**	**–**	**8**

Other related parties

Senior executives and Board members

Information for senior executives and Board members is presented in Note 33.

Kinnevik Group

Tele2 rents premises from Kinnevik and buys advertising from Metro. In addition, Tele2 has bought internal audit services from Audit Value, previously owned by Kinnevik.

Joint ventures and associated companies

Information for joint ventures and associated companies is presented in Note 16.

Transactions and balances

Transactions between Tele2 and joint operations are below included to 100 percent. In the consolidated financial statements the joint operations are however based on Tele2's share of assets, liabilities, revenues and expenses (50 percent).

	Net sales		Operating expenses		Interest revenue	
	2015	2014	2015	2014	2015	2014
Kinnevik	1	–	–21	–27	–	–
Joint ventures and associated companies	5	6	–34	–80	–	–
Joint operations	262	296	–1,136	–1,122	46	74
Total	**268**	**302**	**–1,191**	**–1,229**	**46**	**74**

	Other receivables		Interest-bearing receivables		Non-interest-bearing liabilities	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Kinnevik	–	1	–	–	–	2
Joint ventures and associated companies	1	8	–	–	–	–
Joint operations	478	332	2,012	2,318	290	292
Total	**479**	**341**	**2,012**	**2,318**	**290**	**294**

NOTE 38 CORPORATE RESPONSIBILITY RESULTS

The 2015 GRI G4 Indicators, presented below, are the ones assessed to be most relevant for Tele2's stakeholders. A complete GRI index is presented on Tele2's website. Reported facts and figures are based on the reporting from each reporting entity and each reported case have been verified in accordance with Tele2's procedures for internal controls.

GRI G4 Indictors

Diversity and equal opportunities (G4-LA12)
Number of employees split on managers and other employees with breakdown per gender and age are presented in Note 32.

Environmental regulations (G4-EN29)
No significant fines[1], non-monetary sanctions or cases associated with environmental regulations brought through dispute resolution mechanisms has been reported during the year nor previous year.

Corruption (G4-SO5)
Tele2 has not had any reported cases of corruption during the year nor previous year. Furthermore, there has not been any reported concluded public legal cases related to corruption brought against Tele2 during the year nor previous year.

Tele2's definition of corruption is when offering, giving, soliciting, or acceptance of an inducement or reward which may influence any person to act inappropriately. The definition exclude pure telecom fraud cases. For additional information please refer to Tele2's website, CR section.

Anti-competitive behaviour, anti-trust, and monopoly practices (G4-SO7)
Number of reported legal actions for anti-competitive behaviour, anti-trust, and monopoly practices, pending or completed, in which Tele2 has been identified as a participant during the year is stated below.

Country	2015	2014	Status of legal actions 2015
Latvia	1	1	Pending case concerning market information which sorts under national anti-competitive legislations[3]
Estonia	–	1	

Laws and regulations (G4-SO8)
During the year, there was one reported case of sanctions for non-compliance with applicable laws and regulations in Sweden. The case took place in Net4Mobility, the infrastructure joint operation between Tele2 Sweden and Telenor Sweden. During previous year, two cases of sanctions were reported, both in Sweden where Tele2 Sweden acted in the interest of receiving an interpretation by the Court of Law. However, there were no reported cases brought through dispute resolutions during the year nor previous year.

Products and services health and safety impacts (G4-PR2)
Tele2 has had nine (two) reported non-compliance incidents concerning the products' and services' health and safety impacts during their life cycle. All nine (two) were in Kazakhstan and seven (one) resulted in a fine[2] and two (one) in a warning. There were no reported non-compliances with voluntary codes during the year nor previous year.

Marketing communication, advertising and sponsorship (G4-PR7)
Number of reported incidents of non-compliance regarding marketing communication, advertising and sponsorship, resulting in fines, penalties, warnings or non-compliance with voluntary codes during the year are stated below.

	2015			2014		
Country	Fine or penalty[2]	Warning	Non-compliance with voluntary codes	Fine or penalty[2]	Warning	Non-compliance with voluntary codes
Sweden	–	–	–	–	2	–
Kazakhstan	4	1	–	3	3	–
Latvia	–	1	–	–	1	–
Estonia	–	–	–	1	–	–
Germany	–	–	–	1	5	–

Customer privacy and losses of customer data (G4-PR8)
Number of reported substantiated complaints during the year, regarding breaches of customer privacy and losses of customer data, from outside parties and substantiated by Tele2 or from regulatory bodies as well as reported leaks, thefts or losses of customer data is stated below.

	2015			2014		
Country	From outside parties and substantiated by Tele2	From regulatory bodies	Leaks, thefts, or losses of customer data	From outside parties and substantiated by Tele2	From regulatory bodies	Leaks, thefts, or losses of customer data
Sweden	4	1	5	–	–	4
Netherlands	–	–	11	1	–	4
Croatia	1	–	–	–	–	–
Lithuania	2	–	3	–	5	–
Austria	–	–	2	–	–	3
Germany	–	–	3	–	–	–

In Sweden one incident in 2015 refers to were 24 customers have reported breaches of customer privacy due to a software error. In addition, there were three more incidents reported in 2015 by customers in Sweden. Netherlands 2015 refers to breaches where customer data was overwritten but viewable for another individual.

The use of products and services (G4-PR9)
No significant fines[1] have been reported during the year nor previous year for non-compliance with laws and regulations concerning the use of products and services.

[1] Significant fines = defined by Tele2 as fines exceeding EUR 250,000 (equivalent to SEK 2.3 million)
[2] The fines have not been significant
[3] If we receive negative outcomes, Tele2 expects the fines to be insignificant

Parent company's financial statement

The parent company's income statement

SEK million	Note	2015	2014
Net sales	2	53	55
Gross profit		**53**	**55**
Administrative expenses		–121	–122
Operating loss		**–68**	**–67**
PROFIT/LOSS FROM FINANCIAL INVESTMENTS			
Result from shares in group companies	3	–	967
Other interest revenue and similar income	4	–	35
Interest expense and similar costs	5	–163	–338
Profit/loss after financial items		**–231**	**597**
Appropriations, group contribution		–	372
Tax on profit for the year	6	56	–
NET PROFIT/LOSS		**–175**	**969**

The parent company's comprehensive income

SEK million	Note	2015	2014
Net profit/loss		**–175**	**969**
OTHER COMPREHENSIVE INCOME			
COMPONENTS NOT TO BE RECLASSIFIED TO NET PROFIT/LOSS			
Pensions, actuarial gains/losses		–	–1
Total components not to be reclassified to net profit/loss		**–**	**–1**
COMPONENTS THAT MAY BE RECLASSIFIED TO NET PROFIT/LOSS			
Gain/loss arising on changes in fair value of hedging instruments	12	–40	–172
Reclassified cumulative loss to income statement	12	83	61
Tax effect on cash flow hedges		–10	25
Total components that may be reclassified to net profit/loss		**33**	**–86**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**33**	**–87**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**–142**	**882**

The parent company's balance sheet

SEK million	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Equipment and installations	7	1	2
Total tangible assets		**1**	**2**
Financial assets			
Shares in group companies	8	13,520	13,520
Deferred tax assets	6	109	63
Other financial assets	10	37	34
Total financial assets		**13,666**	**13,617**
TOTAL NON-CURRENT ASSETS		**13,667**	**13,619**
CURRENT ASSETS			
Current receivables			
Accounts receivables from group companies		–	11
Other receivables from group companies	9	5,982	10,392
Other current receivables		4	3
Prepaid expenses and accrued income		1	1
Total current receivables		**5,987**	**10,407**
Cash and cash equivalents	11	**3**	**3**
TOTAL CURRENT ASSETS		**5,990**	**10,410**
TOTAL ASSETS		**19,657**	**24,029**

SEK million	Note	Dec 31, 2015	Dec 31, 2014
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		564	561
Restricted reserve		4,985	4,985
Total restricted equity		**5,549**	**5,546**
Unrestricted equity			
Reserves		–152	–185
Retained earnings		5,673	11,293
Net profit		–175	969
Total unrestricted equity		**5,346**	**12,077**
TOTAL EQUITY		**10,895**	**17,623**
NON-CURRENT LIABILITIES			
Interest-bearing			
Liabilities to financial institutions and similar liabilities	12	4,158	4,263
Pension and similar commitments		46	42
TOTAL NON-CURRENT LIABILITIES		**4,204**	**4,305**
CURRENT LIABILITIES			
Interest-bearing			
Liabilities to financial institutions and similar liabilities	12	4,284	1,780
Other interest-bearing liabilities	12	195	238
Total interest-bearing liabilities		**4,479**	**2,018**
Non-interest-bearing			
Accounts payable	12	1	3
Other current liabilities	12	4	3
Other liabilities to group companies		2	1
Accrued expenses and deferred income	13	72	76
Total non-interest-bearing liabilities		**79**	**83**
TOTAL CURRENT LIABILITIES		**4,558**	**2,101**
TOTAL EQUITY AND LIABILITIES		**19,657**	**24,029**
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets		None	None
Contingent liabilities	14	1,466	1,120

Parent company's financial statement

The parent company's cash flow statement

SEK million	2015	2014
OPERATING ACTIVITIES		
Operating loss	–68	–67
Adjustments for non-cash items in operating profit		
Depreciation/amortization and impairment	1	1
Incentive program	5	4
Interest paid	–231	–260
Finance items paid	–1	–1
Cash flow from operations before changes in working capital	**–294**	**–323**
Changes in working capital		
Operating receivables	–1	2
Operating liabilities	1	–1
Changes in working capital	**–**	**1**
CASH FLOW FROM OPERATING ACTIVITIES	**–294**	**–322**
INVESTING ACTIVITIES		
Acquisition of tangible assets	–	–3
Received dividend from group companies	–	967
Repayments from group companies	4,454	1,958
Cash flow from investing activities	**4,454**	**2,922**
CASH FLOW AFTER INVESTING ACTIVITIES	**4,160**	**2,600**
FINANCING ACTIVITIES		
Proceeds from credit institutions and similar liabilities	3,781	705
Repayment of loans from credit institutions and similar liabilities	–1,315	–1,342
Dividends	–6,626	–1,960
Repurchase of own shares	–3	–
New share issues	3	–
Cash flow from financing activities	**–4,160**	**–2,597**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–**	**3**
Cash and cash equivalents at beginning of the year	3	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**3**	**3**

Change in the parent company's equity

		Restricted equity		Unrestricted equity		
SEK million	Note	Share capital	Restricted reserve	Hedge reserve	Retained earnings	Total equity
Equity at January 1, 2014		**561**	**4,985**	**–99**	**13,225**	**18,672**
Net profit	1	–	–	–	969	969
Other comprehensive income for the year, net of tax		–	–	–86	–1	–87
Total comprehensive income for the year		**–**	**–**	**–86**	**968**	**882**
OTHER CHANGES IN EQUITY						
Share-based payments	1	–	–	–	29	29
Dividends		–	–	–	–1,960	–1,960
EQUITY AT DECEMBER 31, 2014		**561**	**4,985**	**–185**	**12,262**	**17,623**
Equity at January 1, 2015		**561**	**4,985**	**–185**	**12,262**	**17,623**
Net loss		–	–	–	–175	–175
Other comprehensive income for the year, net of tax		–	–	33	–	33
Total comprehensive income for the year		**–**	**–**	**33**	**–175**	**–142**
OTHER CHANGES IN EQUITY						
Share-based payments		–	–	–	40	40
New share issues		3	–	–	–	3
Repurchase of own shares		–	–	–	–3	–3
Dividends		–	–	–	–6,626	–6,626
EQUITY AT DECEMBER 31, 2015		**564**	**4,985**	**–152**	**5,498**	**10,895**

Parent company's Notes

NOTE 1 ACCOUNTING PRINCIPLES AND OTHER INFORMATION

The parent company's financial statements have been prepared according to the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board.

The parent company follows the same accounting policies as the Group (see Group Note 1) with the following exceptions.

Investments in subsidiaries
Shares in subsidiaries are recognized at cost, including expenses directly related to the acquisition, less any impairment.

Financial assets and liabilities and other financial instruments
IFRS 7 Financial Instruments: Disclosures has not been applied to the parent company's financial statements, as its disclosures do not deviate significantly from the Group's disclosures already presented.

Group contributions
Group contributions are reported as appropriations in the income statement.

Other information

The annual report has been approved by the Board of Directors on March 15, 2016. The balance sheet and income statement are subject to adoption by the Annual General Meeting on May 24, 2016.

NOTE 2 NET SALES

Net sales relates to sales to other companies in the Group.

NOTE 3 RESULT OF SHARES IN GROUP COMPANIES

	2015	2014
Dividend from subsidiary	–	967
Total result of shares in group companies	**–**	**967**

NOTE 4 OTHER INTEREST REVENUE AND SIMILAR INCOME

	2015	2014
Interest, Group	–	36
Exchange rate difference on financial current assets	–	–1
Total other interest revenue and similar income	**–**	**35**

NOTE 5 INTEREST EXPENSE AND SIMILAR COSTS

	2015	2014
Interest, credit institutions and similar liabilities	–265	–300
Exchange rate difference on financial liabilities	106	–34
Other finance expenses	–4	–4
Total interest expenses and similar costs	**–163**	**–338**

NOTE 6 TAXES

	2015	2014
Deferred tax income	56	–
Total tax on profit/loss for the year	**56**	**–**

The difference between recorded tax and the tax based on prevailing tax rate consists of the below listed components.

	2015		2014	
Profit/loss before tax	–231		969	
Tax effect according to tax rate in Sweden	51	–22.0%	–213	–22.0%
Tax effect of				
Non-taxable dividend from group company	–	–	213	22.0%
Non-deductible expenses	–1	0.4%	–	–
Deductible expenses from previous years	6	–2.6%	–	–
Tax expense/income and effective tax rate	**56**	**–24.2%**	**–**	**–**

Deferred tax asset of SEK 109 (63) million is attributable to loss-carry forwards of SEK 56 (–) million, liabilities of SEK 43 (54) million and pensions of SEK 10 (9) million.

NOTE 7 TANGIBLE ASSETS

	Equipment and installations	
	Dec 31, 2015	Dec 31, 2014
Acquisition value		
Acquisition value at January 1	3	–
Investments	–	3
Total acquisition value	**3**	**3**
Accumulated depreciation		
Accumulated depreciation at January 1	–1	–
Depreciation	–1	–1
Total accumulated depreciation	**–2**	**–1**
TOTAL TANGIBLE ASSETS	**1**	**2**

NOTE 8 SHARES IN GROUP COMPANIES

Company, reg. No., reg'd office	Number of shares	Total par value	Holding (capital/ votes)	Dec 31, 2015	Dec 31, 2014
Tele2 Holding AB, 556579-7700, Stockholm, Sweden	1,000	tSEK 100	100%	13,520	13,520
Total shares in group companies				**13,520**	**13,520**

A list of all subsidiaries, excluding dormant companies, is presented in Note 18.

	Dec 31, 2015	Dec 31, 2014
Acquisition value		
Acquisition value at January 1	13,520	13,520
Total shares in group companies	**13,520**	**13,520**

NOTE 9 RECEIVABLES FROM GROUP COMPANIES

	Current receivables	
	Dec 31, 2015	Dec 31, 2014
Acquisition value at January 1	10,392	11,909
Lending	3,818	2,069
Repayments	–7,944	–3,302
Other changes in cash pool	–284	–284
Total receivables from group companies	**5,982**	**10,392**

Current receivables from group companies relate to balances in the cash pool.

NOTE 10 OTHER FINANCIAL ASSETS

	Dec 31, 2015	Dec 31, 2014
Pension funds	37	34
Total other financial assets	**37**	**34**

NOTE 11 CASH AND CASH EQUIVALENTS AND UNUTILIZED OVERDRAFT FACILITIES

	Dec 31, 2015	Dec 31, 2014
Cash and cash equivalents	3	3
Unutilized overdraft facilities and credit lines	7,308	7,612
Total available liquidity	**7,311**	**7,615**

NOTE 12 FINANCIAL LIABILITIES

	Dec 31, 2015	Dec 31, 2014
Liabilities to financial institutions and similar liabilities	8,442	6,043
Other interest-bearing liabilities	195	238
Total interest-bearing financial liabilities	**8,637**	**6,281**
Accounts payable	1	3
Other current liabilities	4	3
TOTAL FINANCIAL LIABILITIES	**8,642**	**6,287**

Financial liabilities fall due for payment according to below.

	Dec 31, 2015	Dec 31, 2014
Within 3 months	4,484	2,024
Within 1–2 years	3,350	–
Within 2–3 years	172	3,447
Within 3–4 years	194	164
Within 4–5 years	442	202
Within 5–10 years	–	450
Total financial liabilities	**8,642**	**6,287**

Interest-bearing financial liabilities

No specific collateral is provided for interest-bearing financial liabilities.

Liabilities to financial institutions and similar liabilities

			Dec 31, 2015		Dec 31, 2014	
Liabilities *(collateral provided)*	Interest rate terms	Maturity date	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Bonds NOK			–	–	315	–
Bonds NOK	NIBOR +2.35%	2017	–	955	–	1,049
Bonds SEK	STIBOR +2.85%	2017	–	1,498	–	1,498
Bonds SEK	fixed: 4.875%	2017	–	800	–	799
Bonds SEK			–	–	750	–
Bonds SEK	STIBOR +2.45%	2020	–	250	–	250
Bonds SEK	variable interest rates	2020	500	–	500	–
Total bonds			**500**	**3,503**	**1,565**	**3,596**
Commercial paper	fixed: 0.02%–0.20%	2016	3,784	–	215	–
Nordic Investment Bank (NIB)	variable interest rates	2017–2020	–	677	–	705
Syndicated loan facilities	variable interest rates	2018[1]	–	–22	–	–38
			4,284	**4,158**	**1,780**	**4,263**
Total liabilities to financial institutions and similar liabilities				**8,442**		**6,043**

[1] refinanced on January 13, 2016 with a new maturity of 2021

For additional information please refer to Group Note 25.

Other interest-bearing liabilities

	Current liabilities	
	Dec 31, 2015	Dec 31, 2014
Derivatives	195	238
Total other interest-bearing liabilities	**195**	**238**

Derivatives consisted of interest swaps, valued at fair value. For additional information please refer to Group Note 2.

Other current liabilities

	Dec 31, 2015	Dec 31, 2014
VAT liability	3	2
Other taxes	1	1
Total current liabilities	**4**	**3**

NOTE 13 ACCRUED EXPENSES AND DEFERRED INCOME

	Dec 31, 2015	Dec 31, 2014
Interest costs	39	44
Personnel-related expenses	31	32
External services expenses	2	–
Total accrued expenses and deferred income	**72**	**76**

NOTE 14 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Contingent liabilities

	Dec 31, 2015	Dec 31, 2014
Guarantee related to group companies	1,466	1,120
Total contingent liabilities	**1,466**	**1,120**

Operating leases

The parent company's operating lease expenses amounted to SEK 2 (2) million during the year. Future lease expenses amount to SEK 1 (1) million and these are due for payment during the next year.

NOTE 15 NUMBER OF EMPLOYEES

The average number of employees in the parent company is 7 (7), of whom 4 (3) are women.

NOTE 16 PERSONNEL COSTS

	2015			2014		
	Salaries and remune-rations	Social security expenses	*of which pension expenses*	Salaries and remune-rations	Social security expenses	*of which pension expenses*
Board and CEOs	25	9	*3*	27	12	*5*
Other employees	29	13	*3*	30	14	*4*
Total salaries and remuneration	**54**	**22**	***6***	**57**	**26**	***9***

The parent company's pension expenses relate to defined-contribution plans. Salary and remuneration for the CEO are presented in Group Note 33.

NOTE 17 FEES TO THE APPOINTED AUDITOR

Audit fees to the appointed auditor are SEK 1 (1) million and audit-related fees are SEK 1 (1) million.

NOTE 18 LEGAL STRUCTURE

The table below lists all the subsidiaries, associated companies, joint ventures and other holdings that are not dormant companies or branches.

Company, reg. No., reg'd office	Note	Holding (capital/ votes)
SecureValue Consulting Ltd, 9908070, London, UK	16	33.3%
SecureValue EEIG, GE000313, London, UK	16	25%
TELE2 HOLDING AB, 556579-7700, Stockholm, Sweden		100%
Tele2 Treasury AB, 556606-7764, Stockholm, Sweden		100%
Tele2 Sverige AB, 556267-5164, Stockholm, Sweden		100%
Triangelbolaget D4 AB, 556007-9799, Stockholm, Sweden	16	25%
Modern Holdings Inc, 133799783, Delaware, US	17	11.88%
Svenska UMTS-nät Holding AB, 556606-7988, Stockholm, Sweden		100%
Svenska UMTS-nät AB, 556606-7996, Stockholm, Sweden	16	50%
Interloop AB, 556450-2606, Stockholm, Sweden		100%
Net4Mobility HB, 969739-0293, Stockholm, Sweden	16	50%
Procure IT Right AB, 556600-9436, Stockholm, Sweden		100%
e-Village Nordic AB, 556050-1644, Stockholm, Sweden		100%
Radio National Luleå AB, 556475-0411, Stockholm, Sweden	17	5.5%
GH Giga Hertz HB as well as 15 other partnerships with licenses	16	33.3%
SNPAC Swedish Nr Portability Adm.Centre AB, 556595-2925, Stockholm, Sweden	16	20%
Tele2 Netherlands Holding NV, 33272606, Amsterdam, Netherlands		100%
Tele2 Nederlands BV, 33303418, Amsterdam, Netherlands		100%
Tele2 Retail BV, 63201488, Amsterdam, Netherlands		100%
Khan Tengri Holding B.V., 27313531, Amsterdam, Netherlands		51%
Mobile Telecom Service LLP, 66497-1910-TOO, Almaty, Kazakhstan		100%
Tele2 d.o.o. Za telekomunikacijske usulge, 1849018, Zagreb, Croatia		100%
Tele2 Holding Lithuania AS, 11920703, Tallinn, Estonia		100%
Tele2 Holding Lithuania AS Filialas, 302514793, Vilnius, Lithuania		100%
UAB Tele2, 111471645, Vilnius, Lithuania		100%
UAB Personalo valdymas, 302473332, Vilnius, Lithuania		100%
Viesoji istaiga Numerio perkelimas, 303386211, Vilnius, Lithuania	16	25%
UAB Tele2 Fiksuotas Rysys, 111793742, Vilnius, Lithuania		100%
Tele2 Holding SIA, 40003512063, Riga, Latvia		100%
SIA Tele2, 40003272854, Riga, Latvia		100%
SIA Tele2 Shared Service Center, 40003690571, Riga, Latvia		100%
Tele2 Eesti AS, 10069046, Tallinn, Estonia		100%
Televõrgu AS, 10718810, Tallinn, Estonia		100%
Estonian Broadband Development Foundation, Estonia	16	12.5%
Tele2 Europe SA, R.C.B56944, Luxembourg		100%
Tele2 Austria Holding GmbH, FN178222t, Vienna, Austria		100%
Tele2 Telecommunication GmbH, FN138197g, Vienna, Austria		100%
Tele2 Telecommunication GmbH s.r.o., 35820616, Bratislava, Slovakia		100%
Communication Services Tele2 GmbH, 36232, Düsseldorf, Germany		100%
Collecta Forderungsmanagement GmbH, HRB 67126, Düsseldorf, Germany		100%
Tele2 International Call GmbH, HRB64239, Düsseldorf, Germany		100%
Tele2 Beteiligungs GmbH, HRB64230, Düsseldorf, Germany		100%
T&Q Netz GmbH Co KB, HRA21263, Düsseldorf, Germany	16	50%
FonExperten GmbH, HRB71231, Düsseldorf, Germany		100%
Tele2 Service GmbH, HRB79647, Düsseldorf, Germany		100%
IntelliNet Holding BV, 34126307, Amsterdam, Netherlands		100%
010033 Telecom GmbH, HRB 48344, Frankfurt, Germany		100%
S.E.C. Luxembourg S.A., R.C. B-84.649, Luxembourg		100%
SEC Finance SA, B104730, Luxembourg		100%
Tele2 Luxembourg AB, 556304-7025, Stockholm, Sweden		100%
Tele2 Finance Luxembourg SARL, RCB112873, Luxembourg		100%

The consolidated financial statements and Annual Report have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of International Financial Reporting Standards and generally accepted accounting principles, and give a fair overview of the parent company's and Group's financial position and results of operations.

The administration report for the group and parent company gives a fair overview of the Group's and parent company's operations, financial position and results of operations, and describes significant risks and uncertainties that the parent company and companies included in the Group face.

Stockholm March 15, 2016

Mike Parton
Chairman

Lorenzo Grabau

Irina Hemmers

Erik Mitteregger

Carla Smits-Nusteling

Eamonn O'Hare

Allison Kirkby
President and CEO

Our auditors' report was submitted on March 15, 2016

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Tele2 AB (publ), corporate identity number 556410-8917

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Tele2 AB (publ) for the financial year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 8–70.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Tele2 AB (publ) for the financial year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm March 15, 2016

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Definitions

The figures shown in parentheses correspond to the comparable period last year

EBITDA
Operating profit/loss before depreciation/amortization and impairments, acquisition costs, one-off items and result from shares in associated companies and joint ventures

EBIT
Operating profit/loss including depreciation/amortization and impairments, acquisition costs, one-off items and result from shares in associated companies and joint ventures

EBT
Profit/loss after financial items

Cash flow from operating activities
Operating transactions affecting cash (cash flow) and change in working capital

Free cash flow
Cash flow after paid net investments in CAPEX and paid dismantling costs, but before net investment in shares and other financial assets

Available liquidity
Cash and cash equivalents including undrawn borrowing facilities

Net debt
The net of non-operating interest-bearing assets and liabilities (i.e. not including provisions and interest-bearing receivables related to phones and other equipment, while cash and cash equivalents, restricted cash and derivatives however are included)

CAPEX
Investments in intangible assets and property, plant and equipment excluding capitalized dismantling costs

Average number of employees
The average number of employees during the year, in which an acquired/sold company is reported in relation to the length of time the company has been a part of the Tele2 Group

Number of employees (FTE)
Number of employees at the end of the period recalculated to number of full time employees

Equity/assets ratio
Shareholders' equity in relation to total assets

Debt/equity ratio
Net debt in relation to shareholders' equity at the end of the period

Return on equity
Profit/loss after tax attributable to holders of the parent company in relation to average shareholders' equity attributable to holders of the parent company

ROCE (return on capital employed)
EBIT and financial revenues in relation to capital employed (the net of average total assets, non-interest bearing liabilities and provision for asset dismantling)

Average interest rate
Interest expense in relation to average interest-bearing liabilities

Earnings per share
Profit/loss for the period attributable to the parent company shareholders in relation to the weighted average number of shares outstanding during the fiscal year

Equity per share
Equity attributable to parent company shareholders in relation to the weighted average number of shares outstanding during the fiscal year

ARPU (average revenue per user)
Average monthly service revenue (end-user service revenue and operator revenue) for each customer excluding machine-to-machine revenue

ASPU
Average monthly end-user service revenue for each customer excluding machine-to-machine revenue

Contacts

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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 14 million customers in 9 countries. Tele2 offers mobile services, fixed broadband and fixed telephony, data network services, 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 2015, net sales amounted to SEK 27 billion and EBITDA of SEK 5.8 billion.