

THIRD QUARTER 2010

October 20 2010

TELE2

AGENDA

About Q3 2010

Financial review

Guidance and Concluding remarks

HIGHLIGHTS Q3

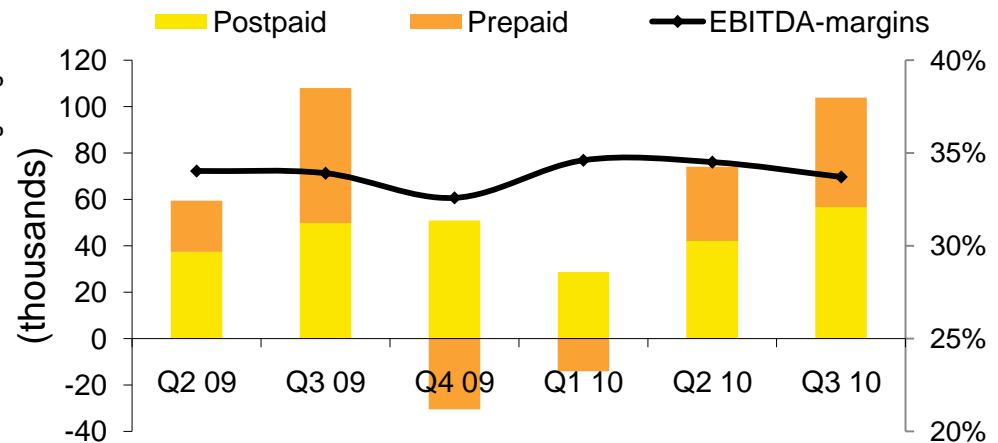
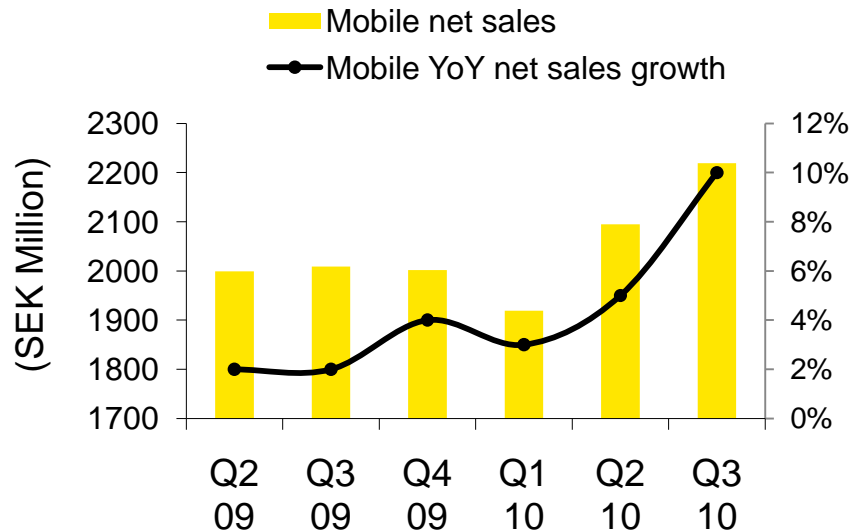
- **Group**

- Total customer base amounting to more than 30 million customers. Net customer intake for the group of almost 1.3 million
- Net sales grew by 2 percent. Currency-adjusted net sales grew by 6 percent, driven by mobile sales
- EBITDA grew by 13 percent. Currency-adjusted EBITDA grew by 17 percent. EBITDA margin amounted to 28 (25) percent

- **Nordic**
- **Russia**
- **Central Europe & Eurasia**
- **Western Europe**

HIGHLIGHTS TELE2 SWEDEN

- Increased mobile revenue growth to 10 percent
- Adding 103,000 mobile customers
- Mobile EBITDA margin 34 (34) percent



SHIFT TOWARDS SMART PHONES

- **Smartphones demanded by mass market**
 - Shift driven by increased variety of smartphones combined with an increased awareness of the possibilities of a mobile internet access



Top 10 phone sales (Aug-Sep)

- 1 iPhone4
- 2 Sony Ericsson X10 Mini Pro
- 3 iPhone 3GS
- 4 Samsung Galaxy S
- 5 HTC Desire
- 6 Sony Ericsson X10 Mini
- 7 HTC Wildfire
- 8 Sony Ericsson X10
- 9 Sony Ericsson Elm
- 10 Nokia 6700 Slide

Regular phone customers : Smartphone customers

Data usage per month (Mb)	1 : 40
MoU*	1 : 1.4
ASPU**	1 : 1.7

Proportion based scale where regular phone usage is base

* Out-going minutes

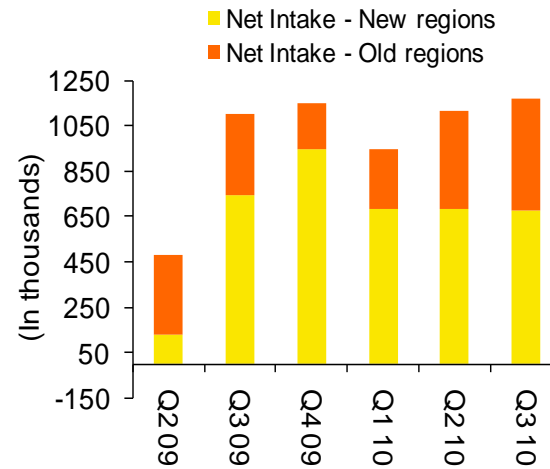
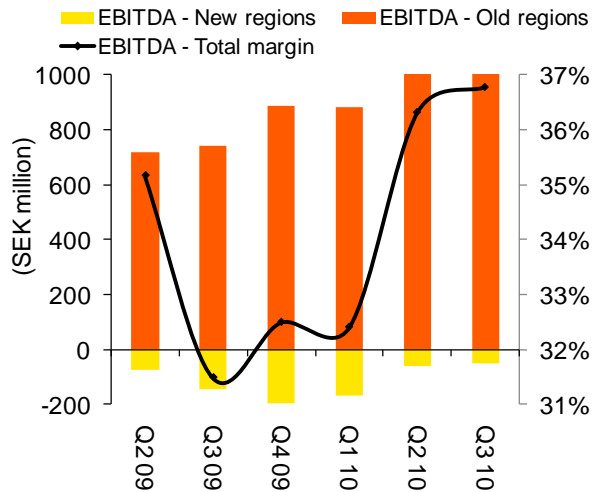
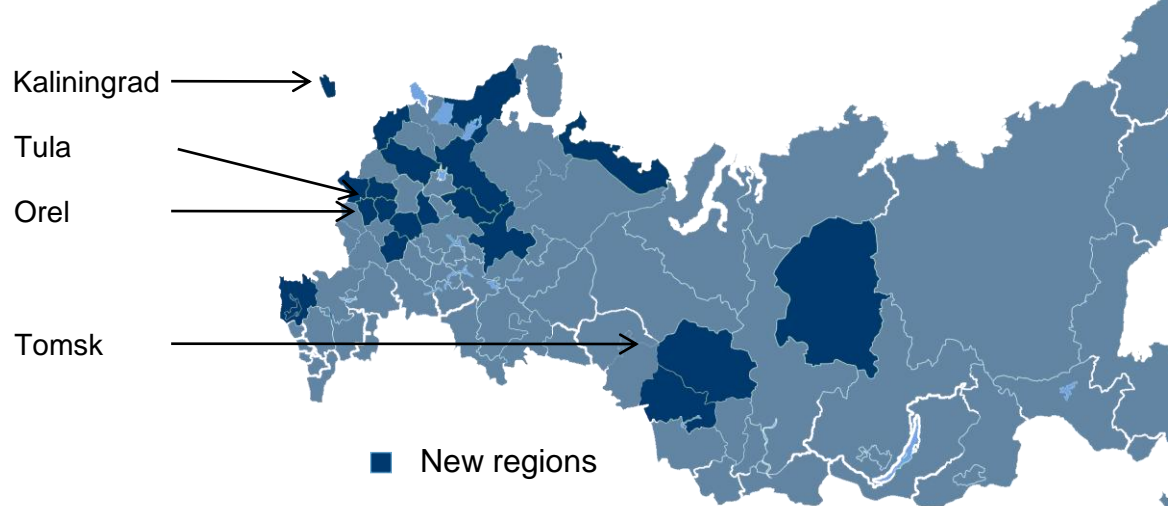
** ARPU Excluding operator revenue and installments

2010-10-20

Third quarter 2010

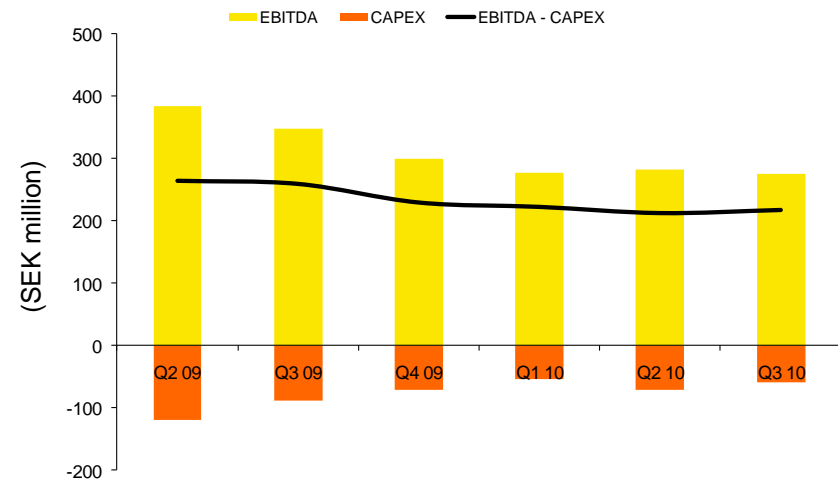
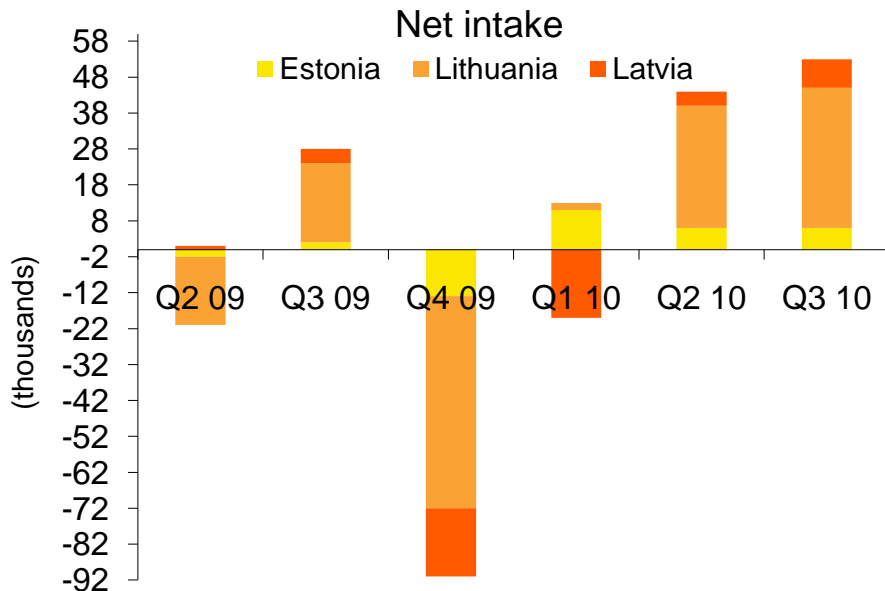
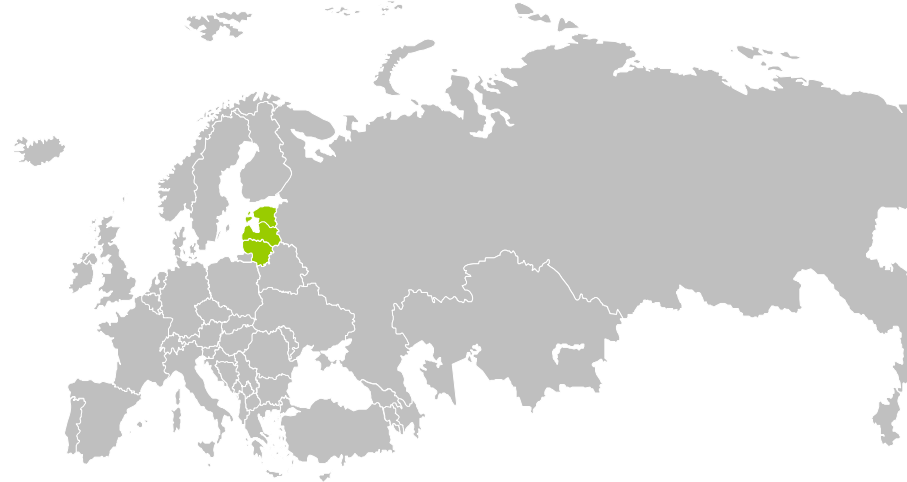
HIGHLIGHTS TELE2 RUSSIA

- Third and fourth new regions now EBITDA break-even
- 1,170,000 (1,100,000) new customers in Q3 2010



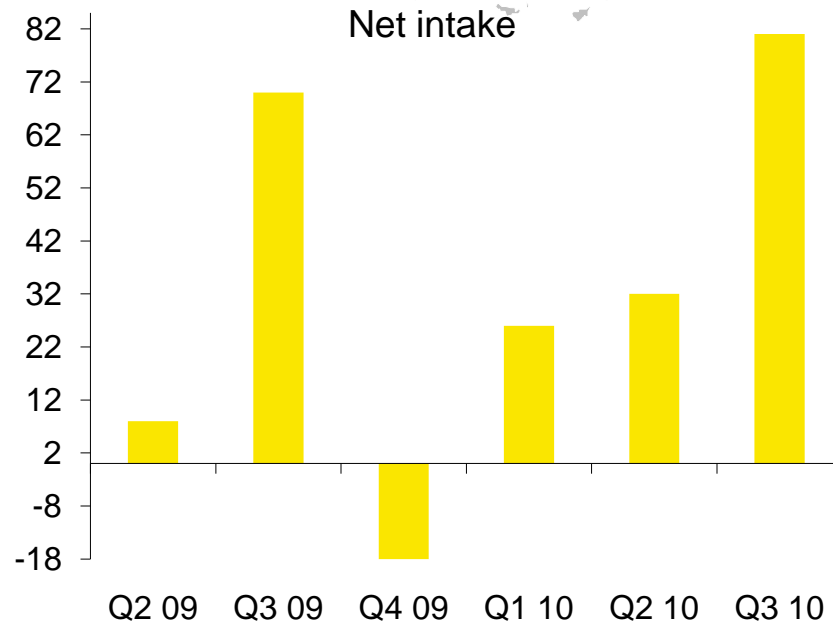
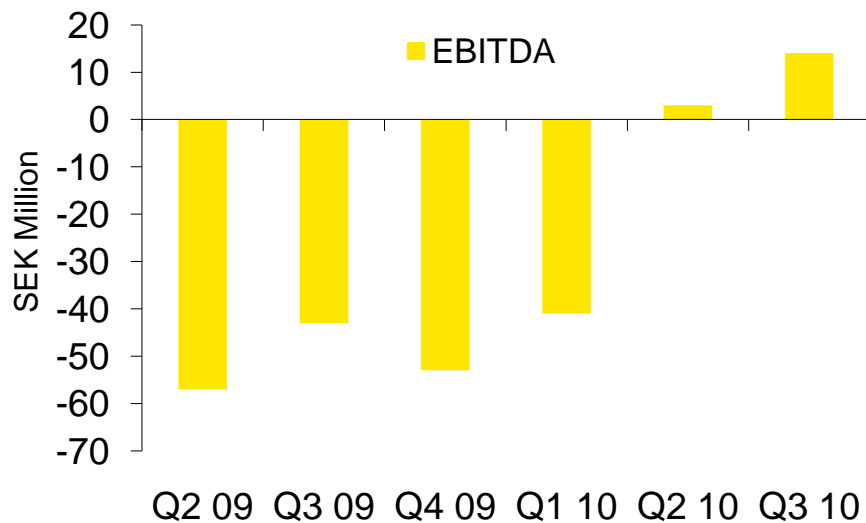
HIGHLIGHTS TELE2 BALTIC REGION

- Stabilizing economy leading to better operational environment
- Strong net intake, adding 55,000 (28,000) customers in the region



HIGHLIGHTS TELE2 CROATIA

- Next goal is to deliver positive free cash flow within a year
- 81,000 (70,000) new customers added in Q3 10

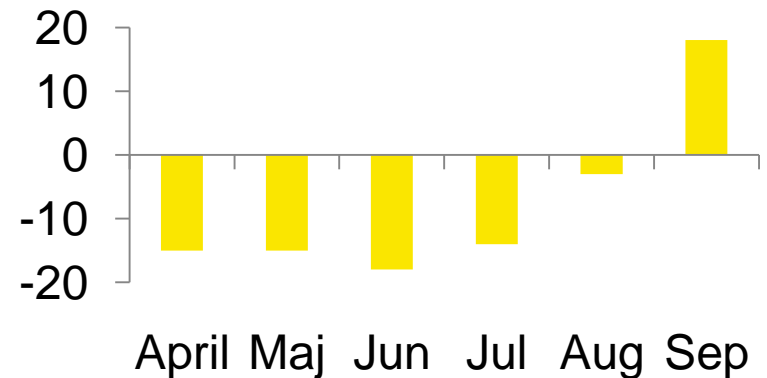


HIGHLIGHTS TELE2 KAZAKHSTAN

- Preparing for re-launch under Tele2 brand 1H 2011
- Customer stock of 218 000 in Q3 2010.
18,000 new customers added in September

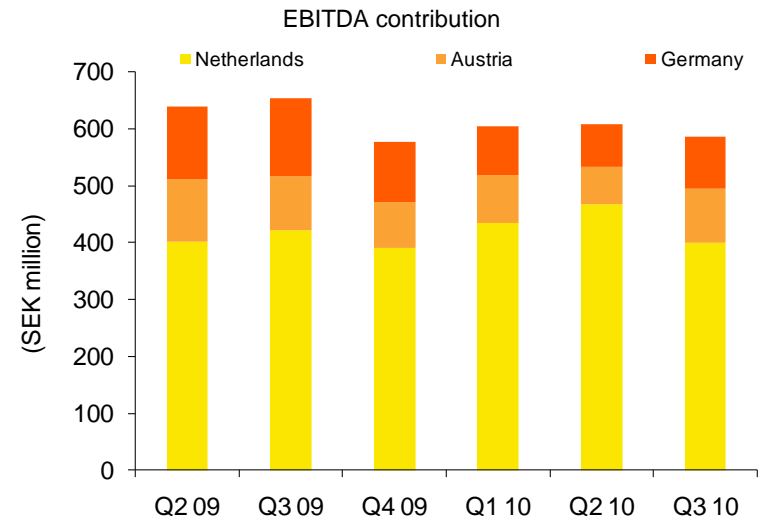


Net intake 2010



HIGHLIGHTS TELE2 WESTERN EUROPE

- Netherlands
 - BBned acquisition completed
- Germany
 - Record high EBITDA margin in fixed telephony of 46 percent
- Austria
 - Continued good progress in restructuring program leading to sequential improvement of EBITDA contribution



AGENDA

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Q3 2010 GROUP RESULTS

SEK million	Q3 10	Q3 09	Change %
Net Sales	9,998	9,829	2%
EBITDA	2,751	2,441	13%
- EBITDA margin (%)	28%	25%	
Depreciation and joint venture	-876	-924	
- Depreciation of Net sales (%)	9%	9%	
One-off items	17	116	
EBIT	1,892	1,633	
Normalized EBIT	1875	1517	
- Normalized EBIT margin (%)	19%	15%	
Financial items	-16	199	
Taxes	608	401	
Net result, continuing operations	2,484	2,233	
Net result, discontinued operations	29	-478	
Net result	2,513	1,755	

TAXES

Taxes in income statement	YTD Sep 10	Q3 2010	Q2 2010	Q1 2010
Normal	-1,128	-441	-348	-339
One-Off	976	1049	-73	-
Total	-152	608	-421	-339

Taxes in cash flow	YTD Sep 10	Q3 2010	Q2 2010	Q1 2010
Normal	-580	-152	-195	-233

- SEC tax dispute: Oral hearing will take place in the end of November, thereafter the outcome will be announced in 1-2 months
- The total value of the SEC tax dispute is SEK 4,6 billion

CURRENCY MOVEMENTS (VS SEK)

YTD Avarage 2010 vs 2009	Q3 2010	Q2 2010	Q1 2010
EUR	-10%	-10%	-9%
RUB	0,5%	+/- 0	-2%

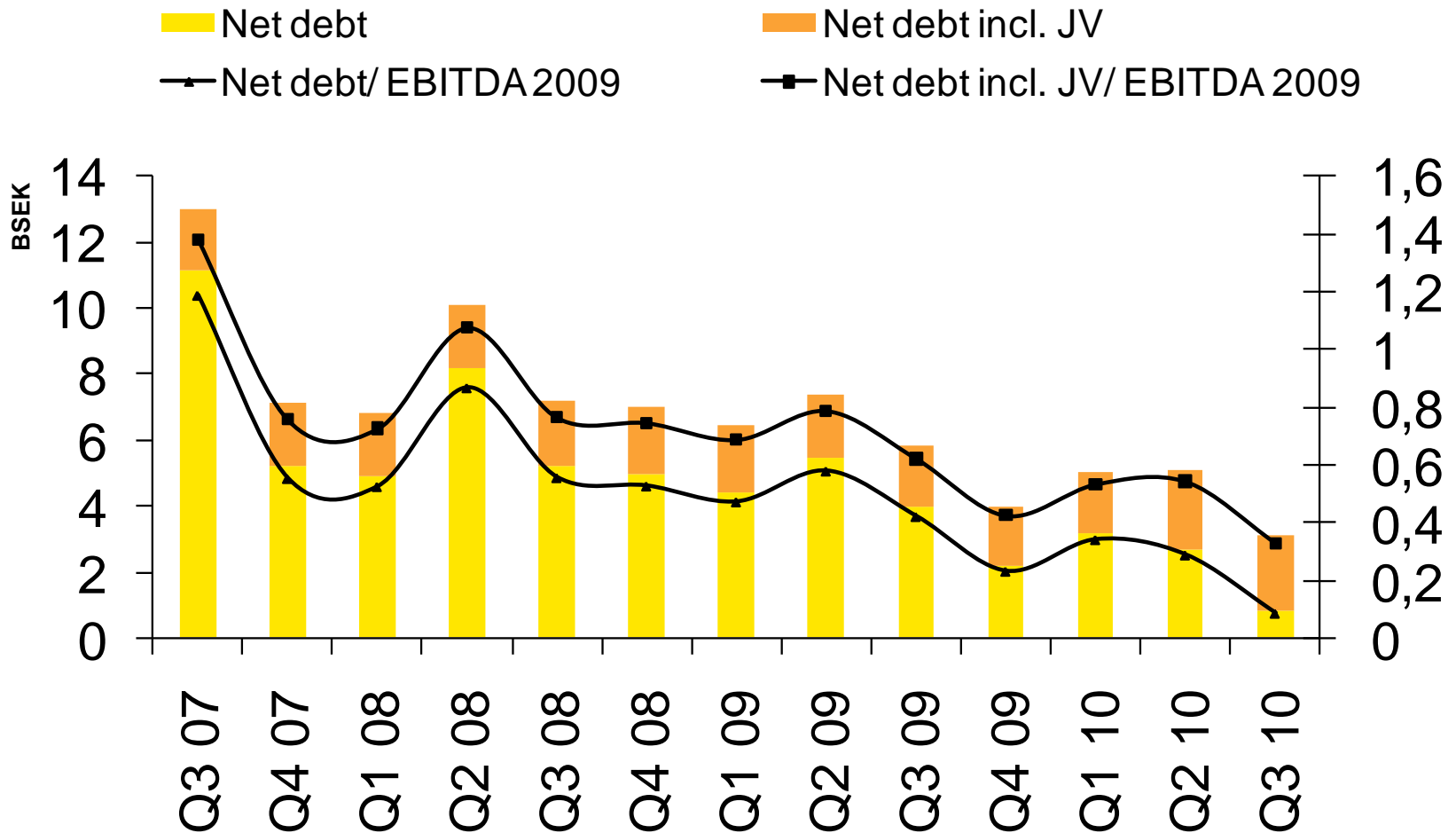
Fix rate vs 31/12-2009	Q3 2010	Q2 2010	Q1 2010
EUR	-12%	-8%	-6%
RUB	-7,5%	3%	1%

- EUR/RUB pegged currencies approximately:
 - 38% of sales and
 - 33% of EBITDA

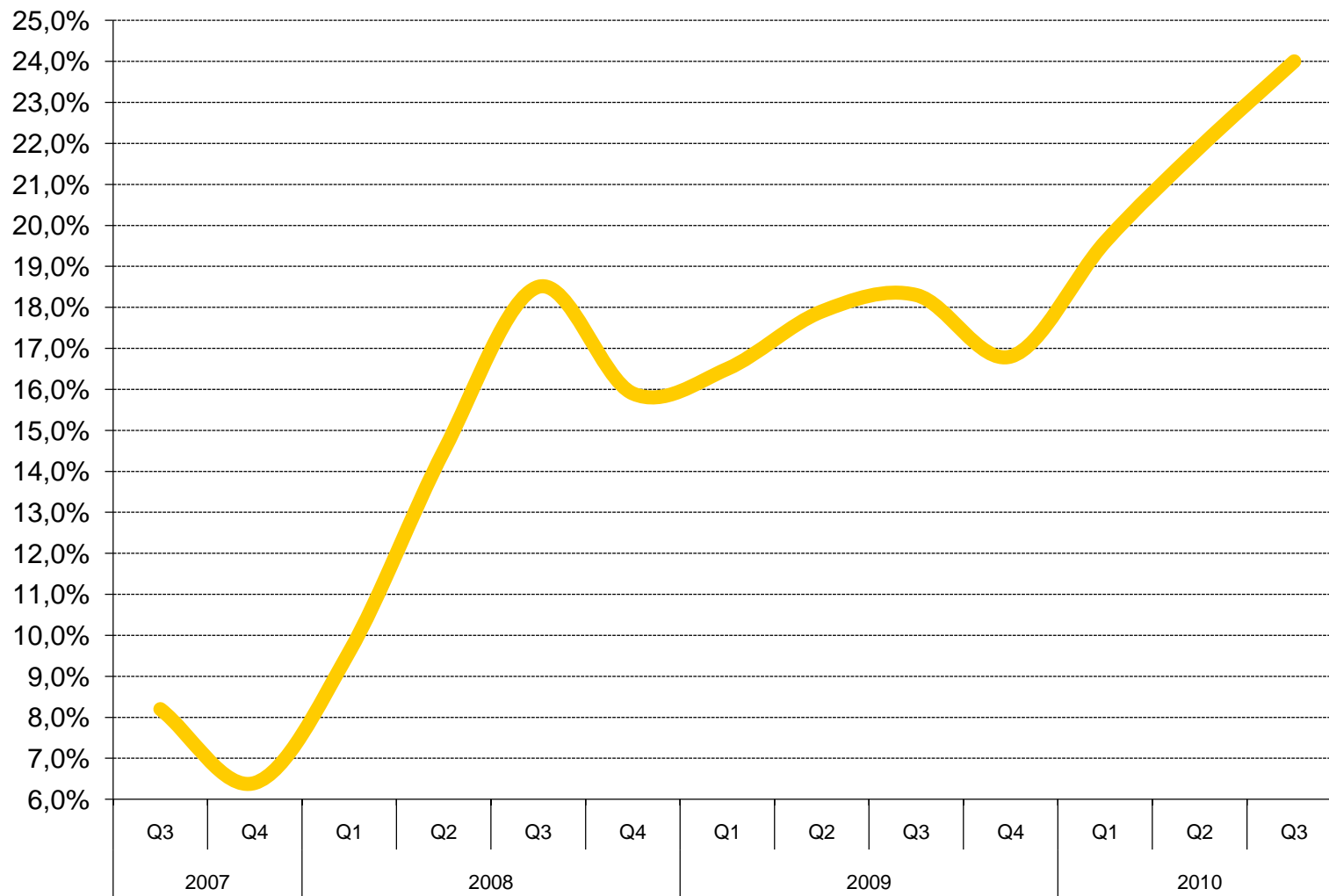
CASH FLOW FOR Q3 2010

SEK million	Q3 10	Q3 09
OPERATING ACTIVITIES		
Cash flow from operations, less paid taxes	2,733	2,499
Taxes paid	-152	-98
Changes in working capital	39	186
CASH FLOW FROM OPERATING ACTIVITIES	2,620	2,587
INVESTING ACTIVITIES		
CAPEX	-923	-1,065
Cash Flow after CAPEX	1,697	1,522
Acquisition and sale of shares and participations, net	-96	-208
	1,601	1,314

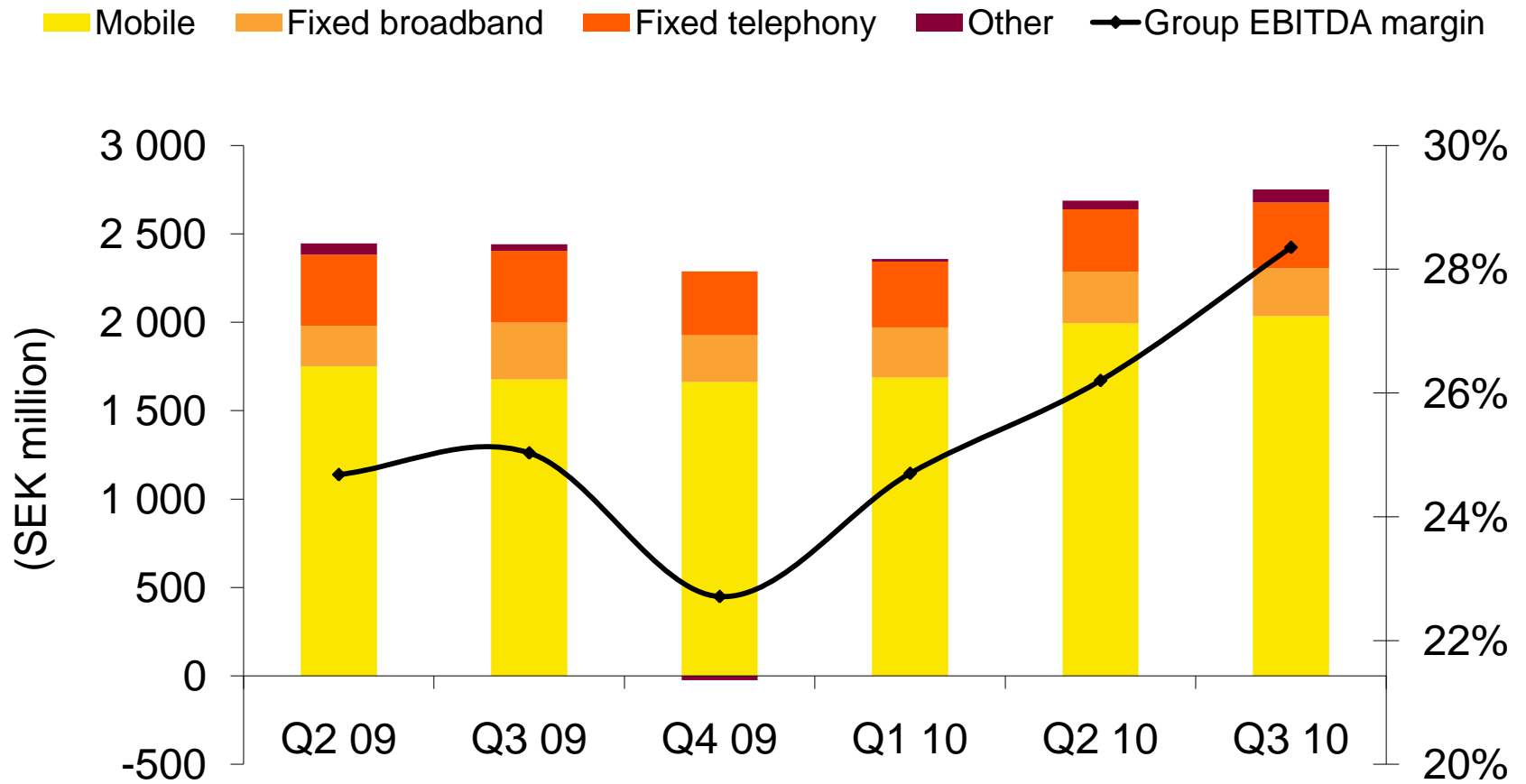
GROUP FINANCIAL PROFILE



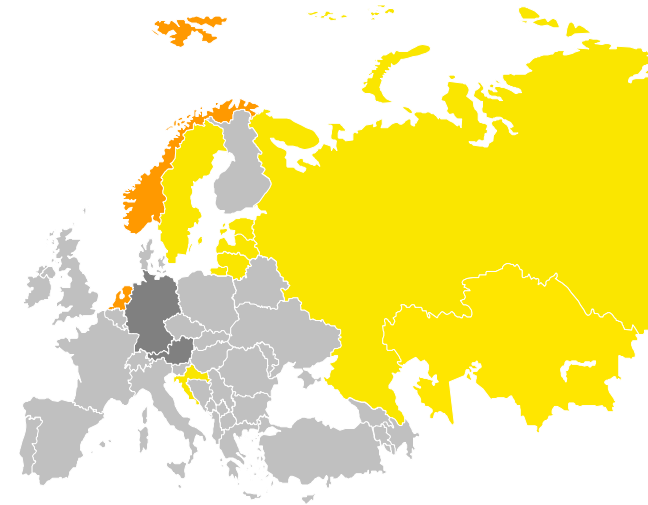
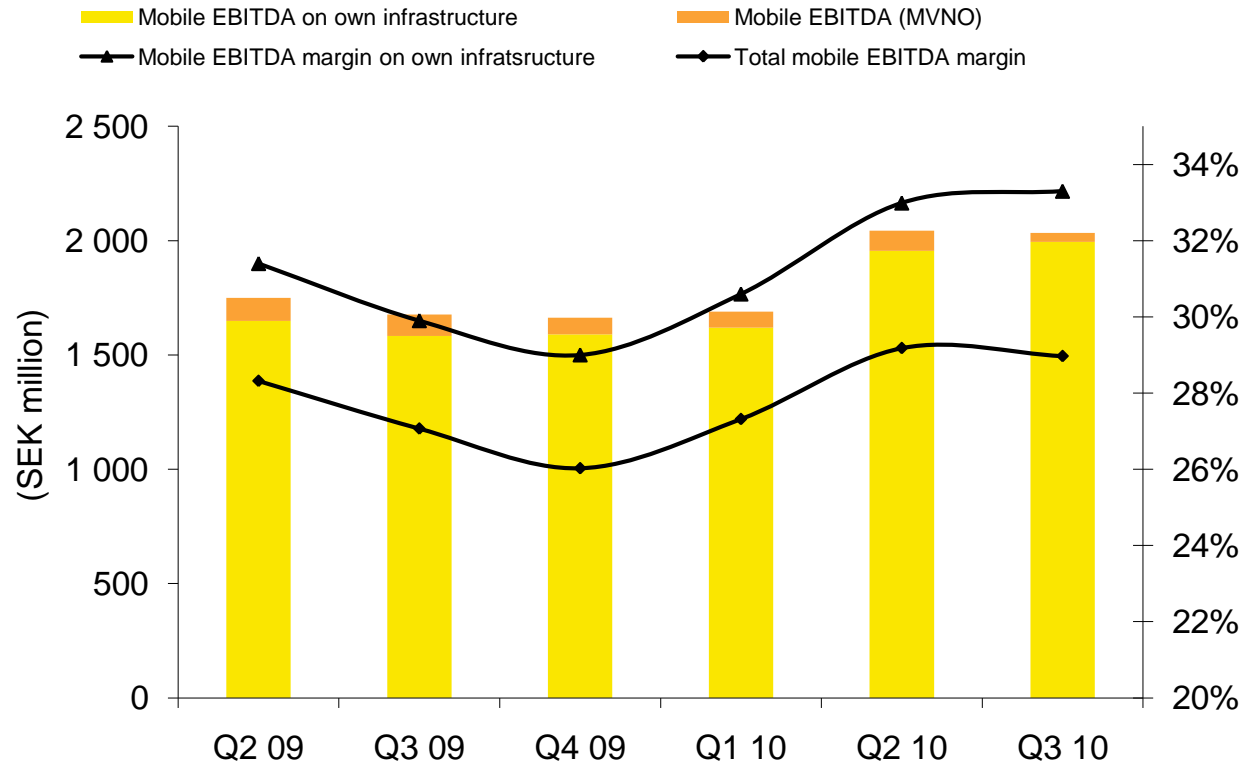
ROCE



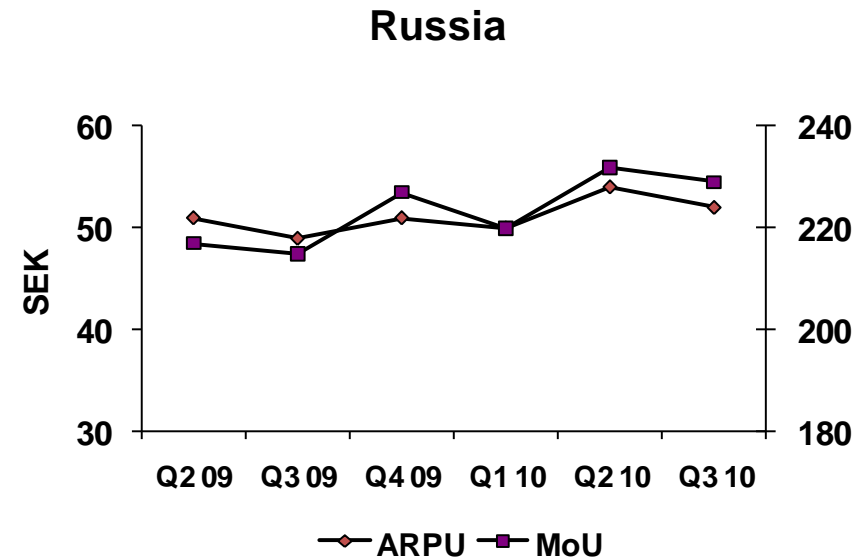
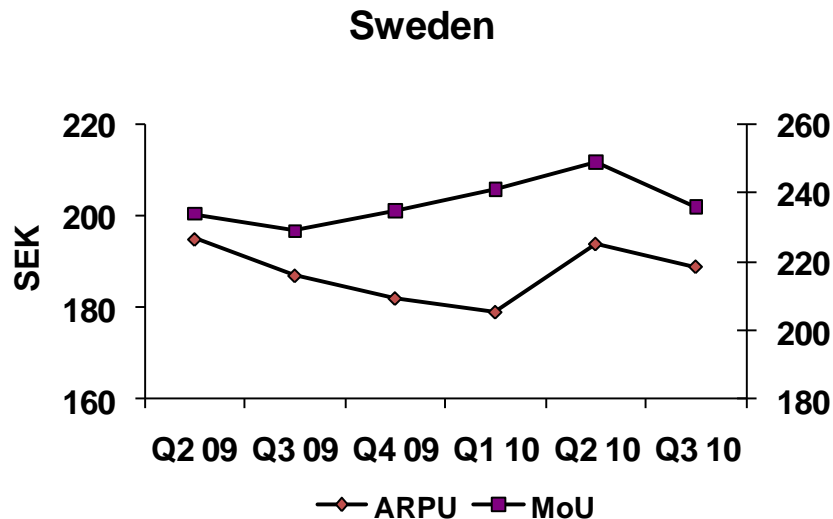
GROUP EBITDA



GROUP MOBILE EBITDA



MoU AND ARPU DEVELOPMENT



- Robust ARPU development
 - Swedish and Russian ARPU grew more than 8 percent in one quarter

AGENDA

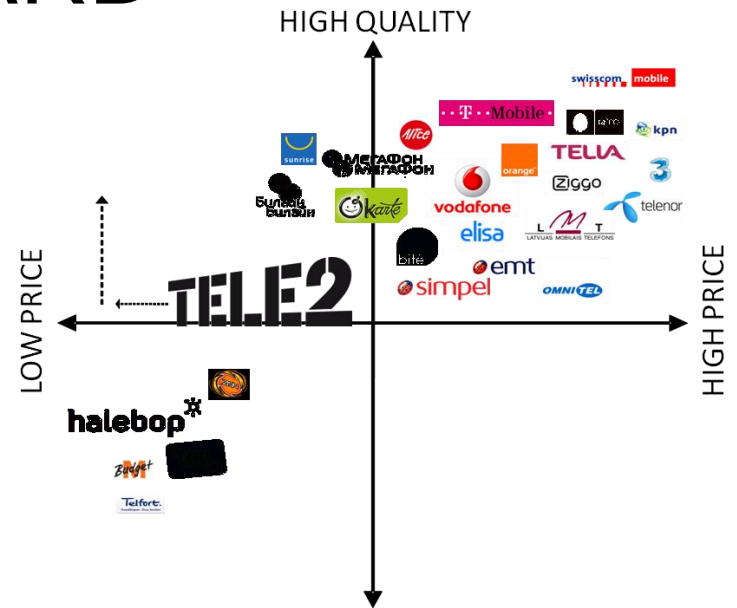
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TELE2 GOING FORWARD

- Best Deal position
- Targeting a long-term mobile EBITDA margin on own infrastructure of at least 35 percent



- All operations should have the ambition of reaching ROCE of at least 20 percent
- The capability to reach a top 2 position, in terms of customer market share, in an individual country or region

GROUP OUTLOOK (CHANGED)

- Tele2 forecasts a corporate tax rate of approximately 22 percent excluding one-off items in 2010. The tax payment will affect cash flow by approximately SEK 800 million in 2010
- The oral hearing of the SEC tax dispute is expected to be conducted the 26 of November and a verdict will be announced 1-2 month(s) later
- Tele2 forecasts that CAPEX level in 2010 will not exceed SEK 4,000 million
 - Earlier SEK 4,200-4,400 million

SWEDEN OUTLOOK (UNCHANGED)

- Tele2 will continue to target the postpaid segment, which in the longer term will lead to:
 - Increased ARPU
 - Lower churn
- In the short term, this strategy will lead to higher total acquisition costs resulting in:
 - An EBITDA margin in the range of 33-35 percent depending on customer intake in 2010

RUSSIA OUTLOOK (CHANGED)

- Subscriber base should be able to reach 19-20 million by YE 2011
- Maintain ARPU growth at 5 percent by 2011
- EBITDA 2010-2011
 - Old regions' EBITDA margin should stabilize at 45 percent
 - Most New regions' EBITDA will break-even by 18 months (2 years) from launch
 - Russia's total EBITDA margin should develop in the range of 34-37 (27-32) percent
- Capex 2010-2011
 - Accumulated Capex in Russia should be in the range of SEK 3,500-4,000 million
 - Earlier SEK 4,500-5,000 million
 - Selected acquisitions – when available and under right conditions

KAZAKHSTAN OUTLOOK (UNCHANGED)

- Subscriber base should aim to reach 400,000-450,000 by YE 2010
- Blended ARPU should be in the range of SEK 40-45
- EBITDA should approximately be:
 - SEK -250 million in 2010
 - SEK -400 to -450 million in 2011
- Accumulated Capex should be in the range of SEK 1,400-1,600 million by YE 2011
- Operations in Kazakhstan should be able to reach breakeven within 2 years from the commercial re-launch, which is planned in 1H 2011

CROATIA OUTLOOK (NEW)

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

CONCLUDING REMARKS

Nordic

- Accelerated mobile revenue growth

Russia

- Record high customer intake and EBITDA

Central Europe and Eurasia

- Improving economy leading to stable cash flow contribution

Western Europe

- Solid operational performance

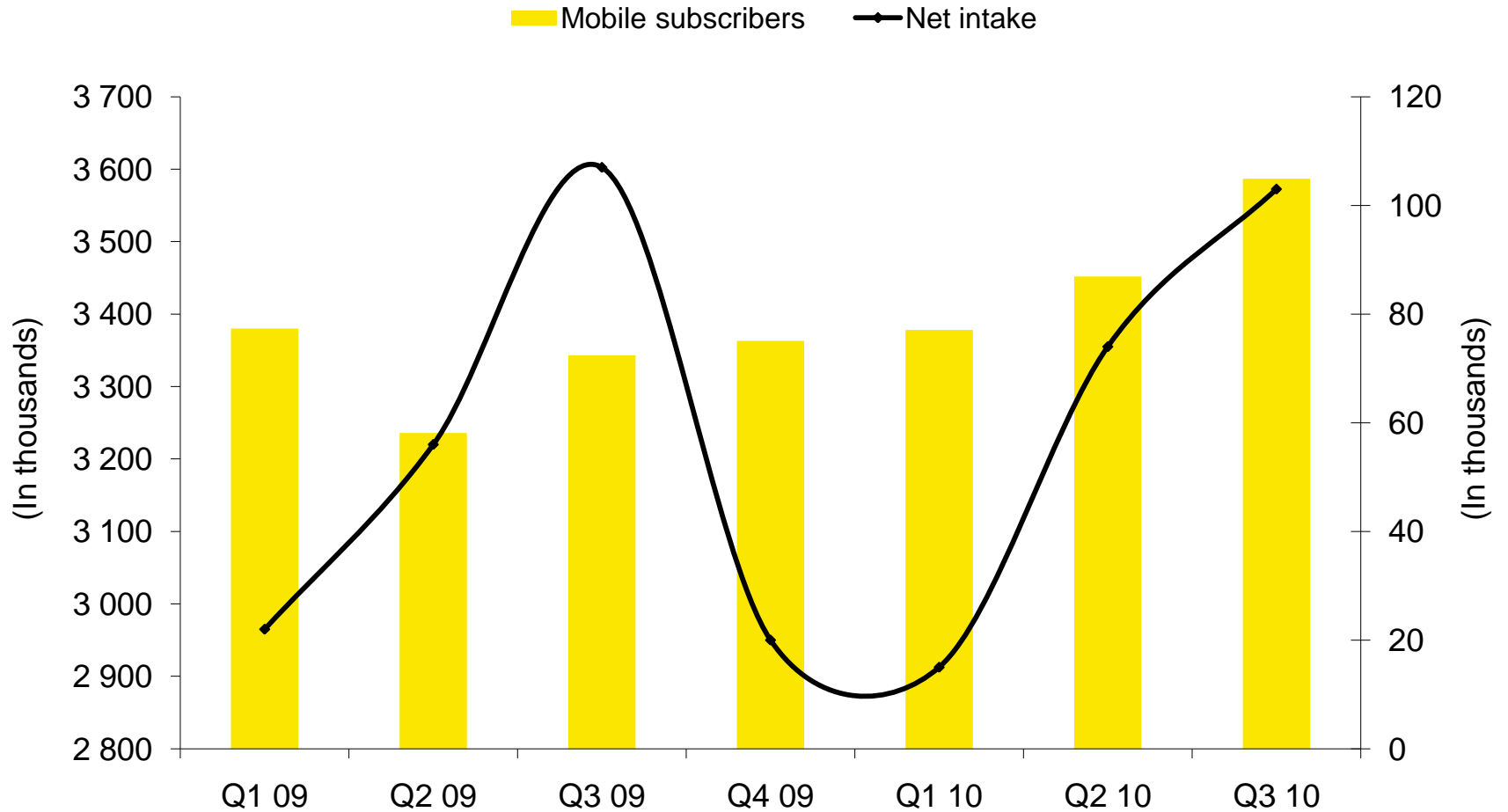
2010 an investment year

- Russia
- Kazakhstan
- Sweden
 - 4G
 - Spring Mobil
- Norway
 - 3G
- Netherlands
 - BBned

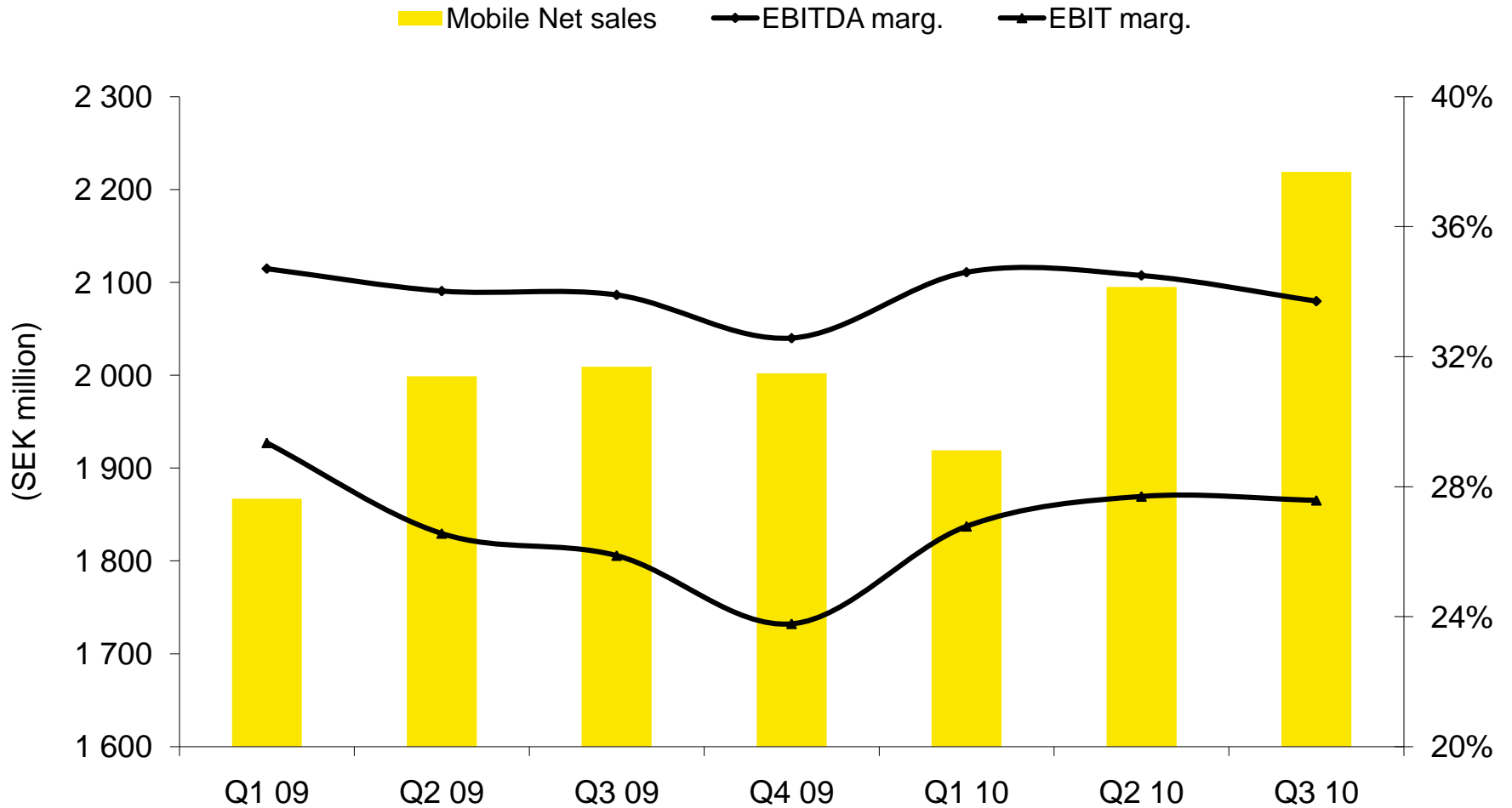
Q&A

Appendix A

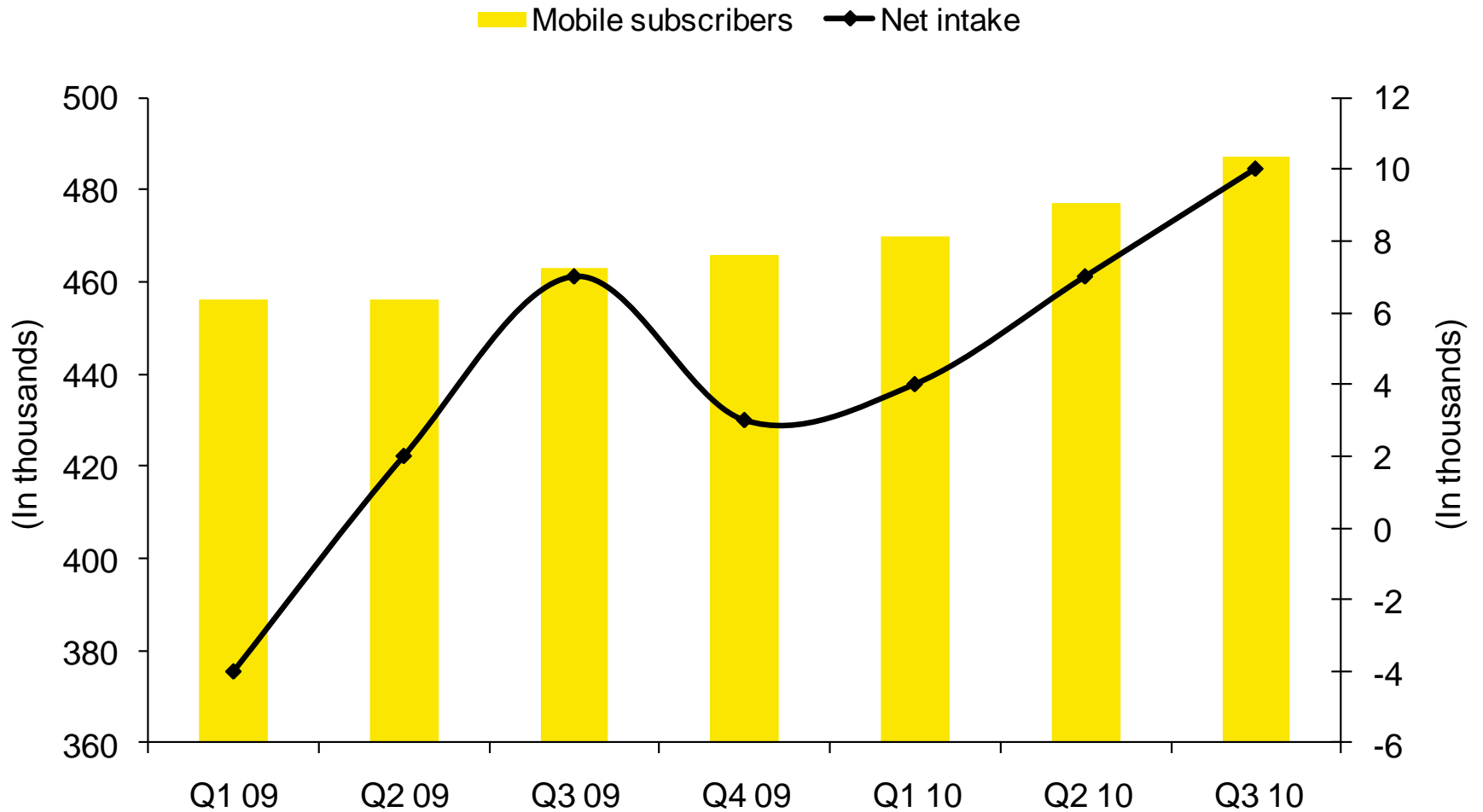
TELE2 SWEDEN MOBILE



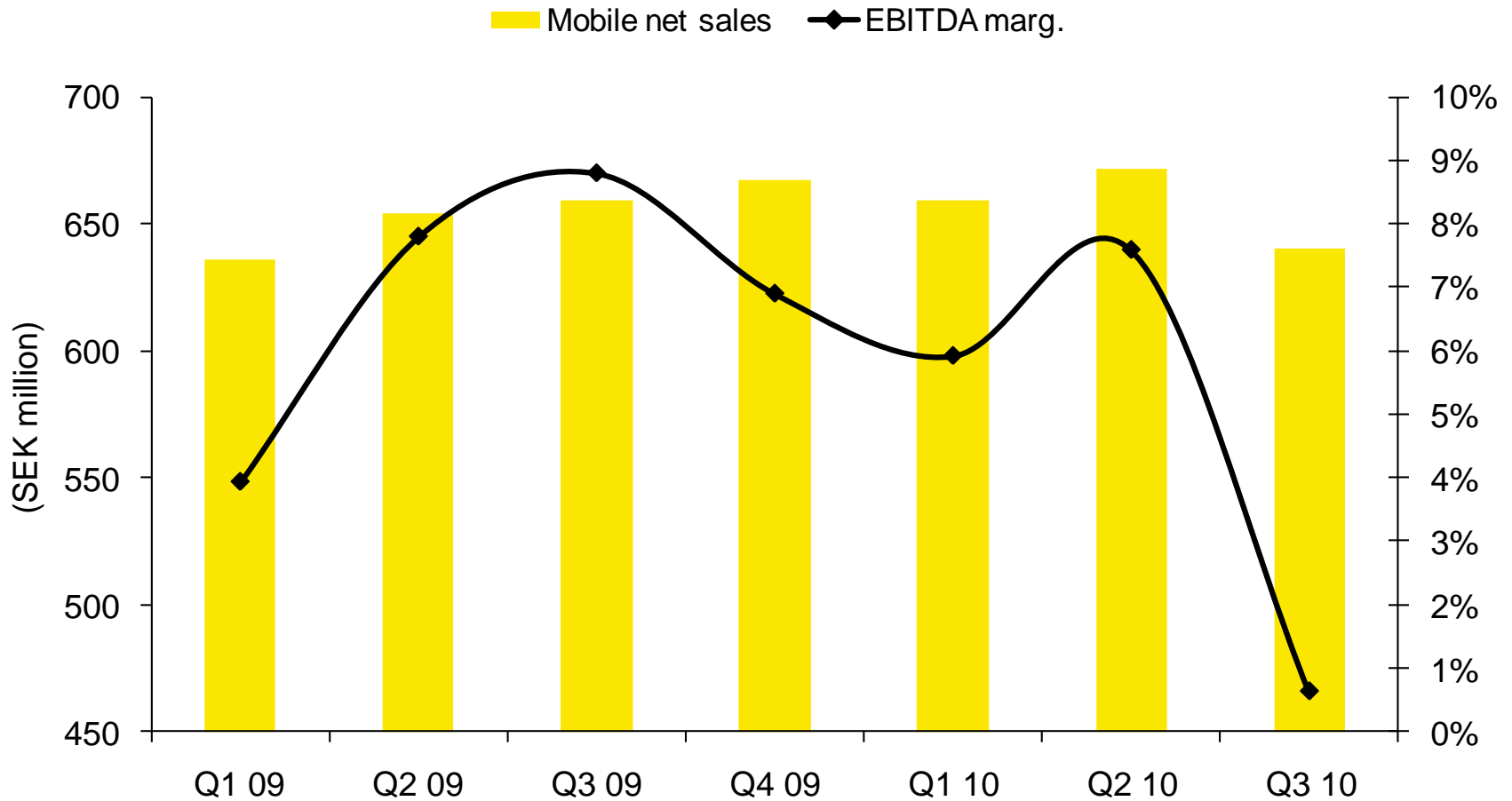
TELE2 SWEDEN MOBILE (contd)



TELE2 NORWAY MOBILE

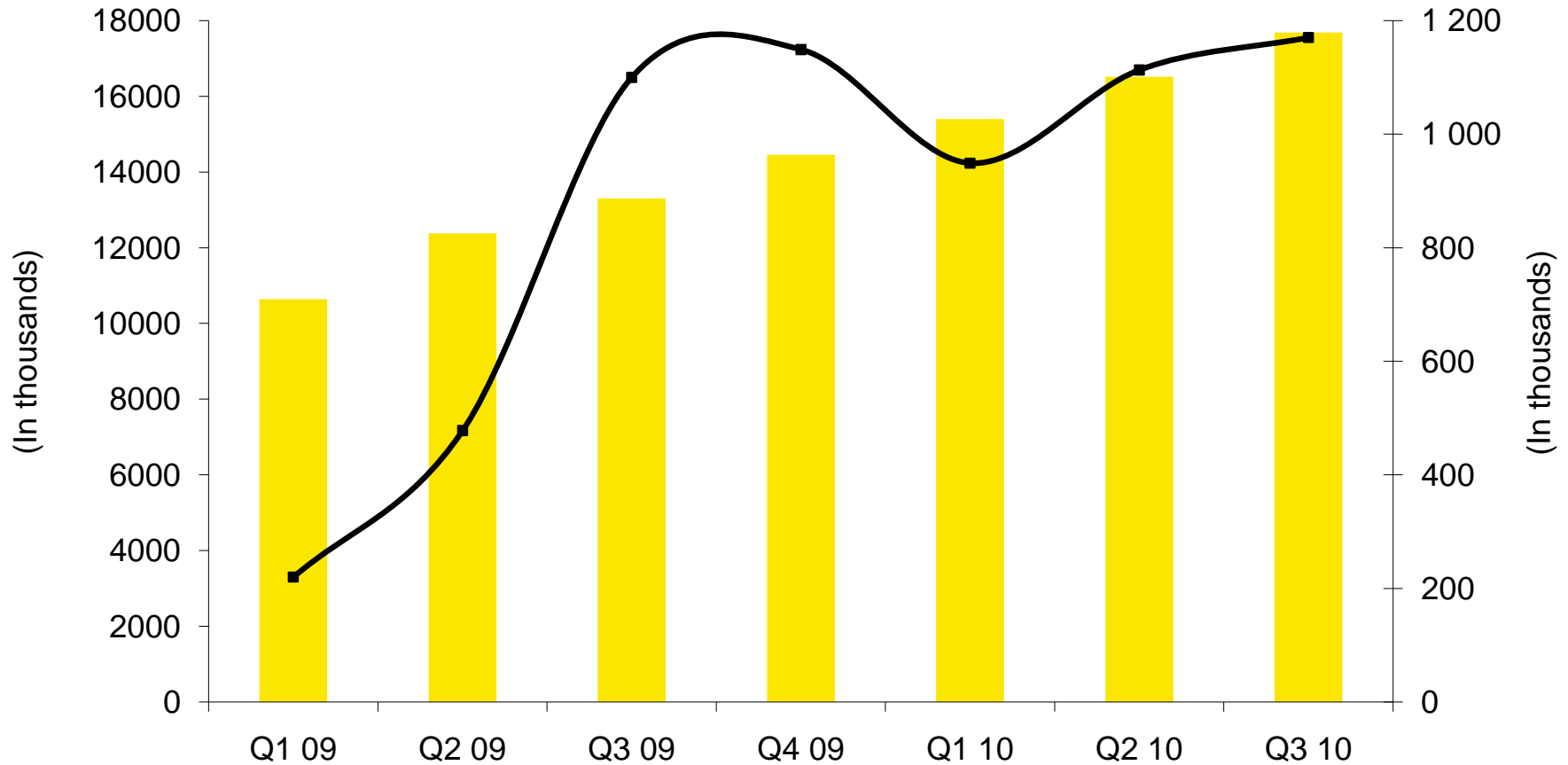


TELE2 NORWAY MOBILE (contd)

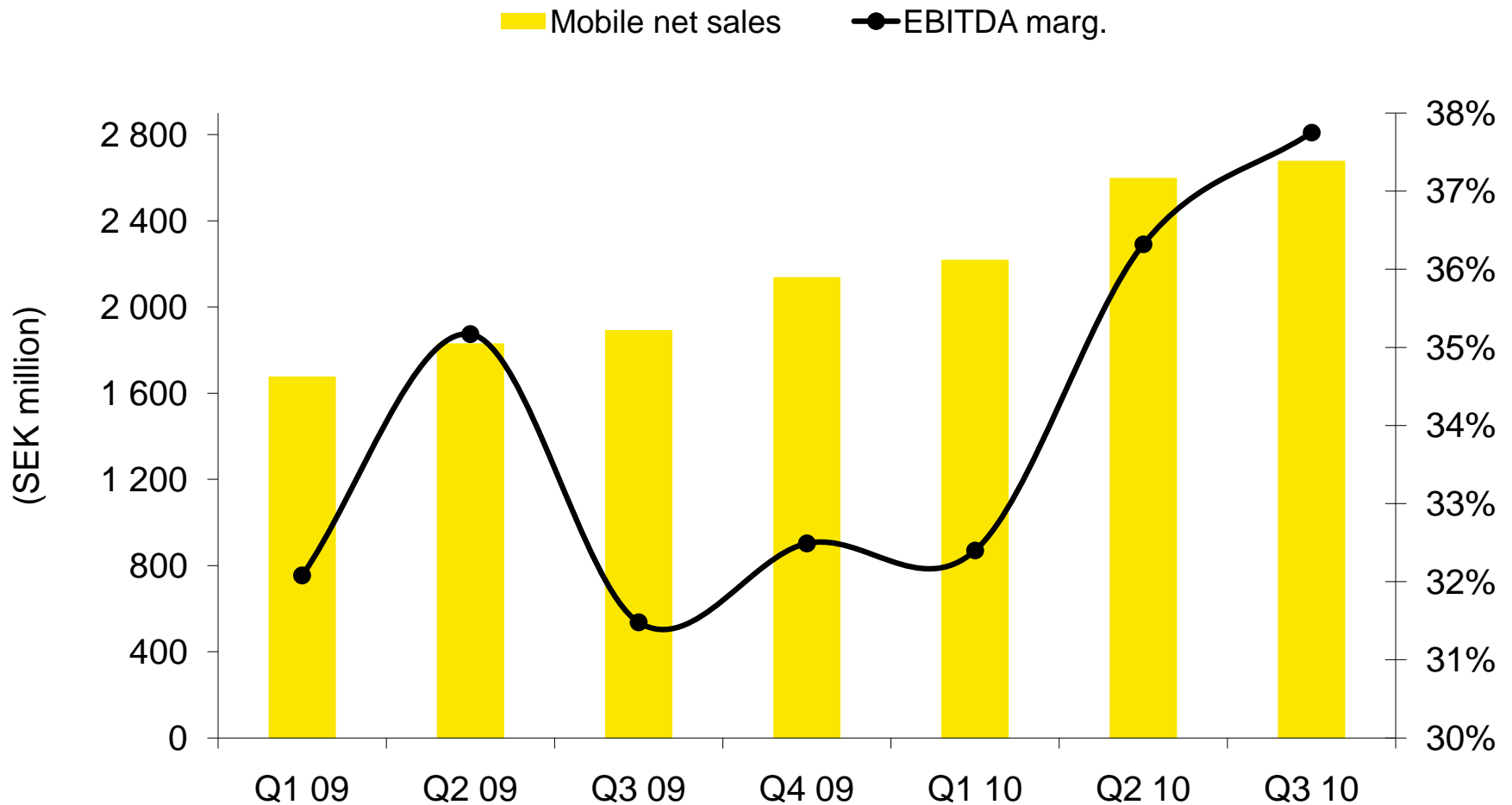


TELE2 RUSSIA MOBILE

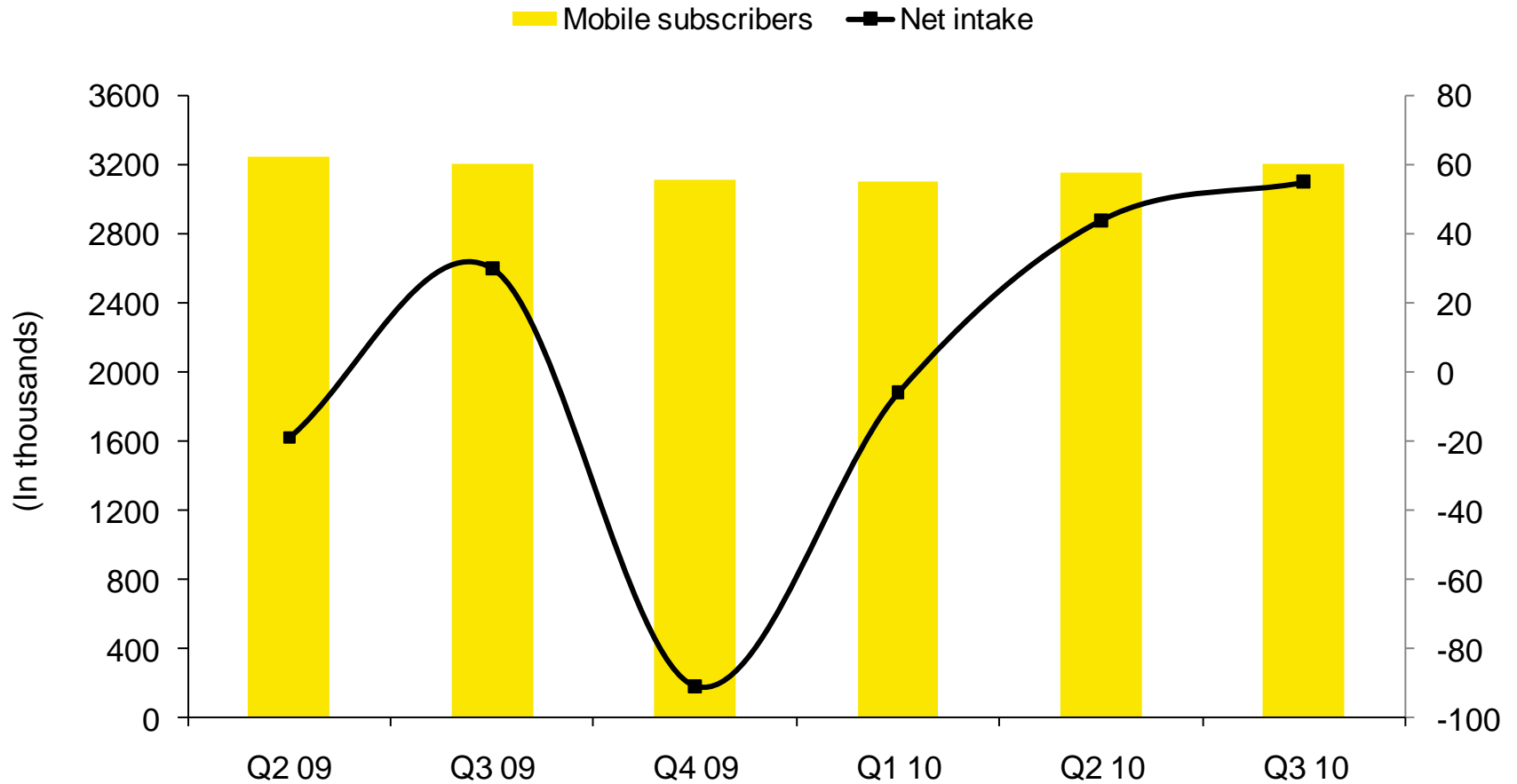
Mobile subscribers Net intake



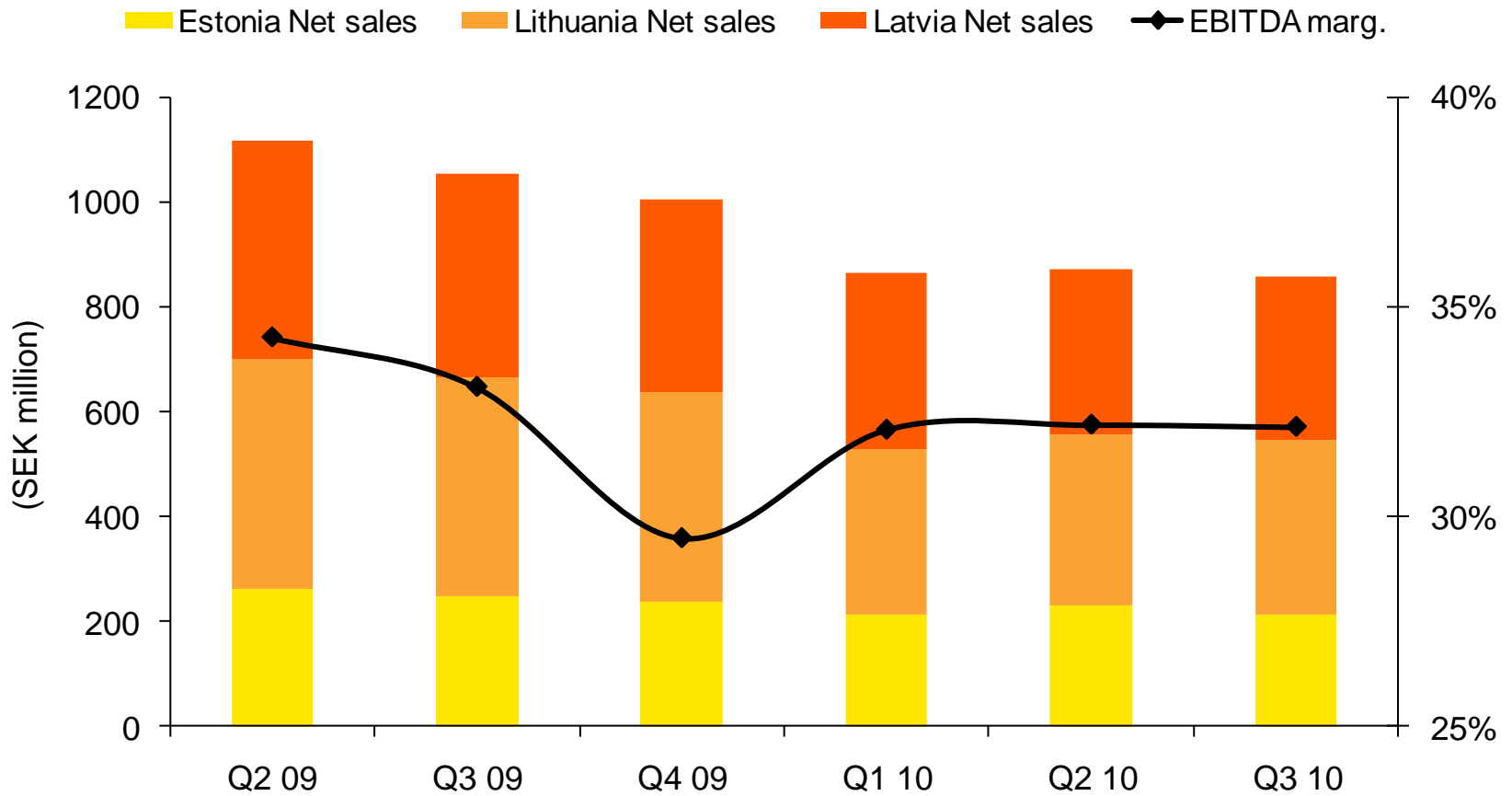
TELE2 RUSSIA MOBILE (contd)



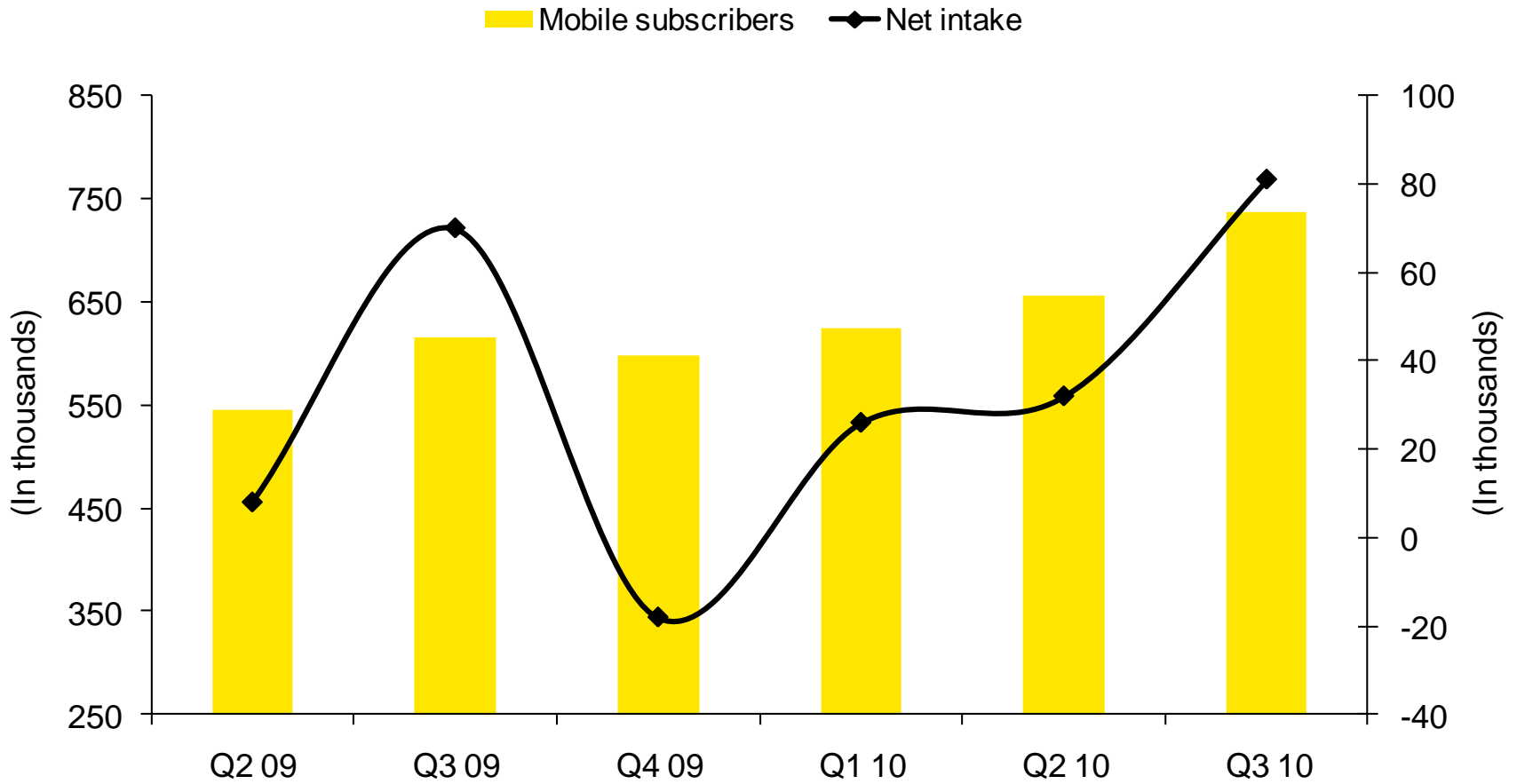
TELE2 BALTIC MOBILE



TELE2 BALTIC MOBILE (contd)

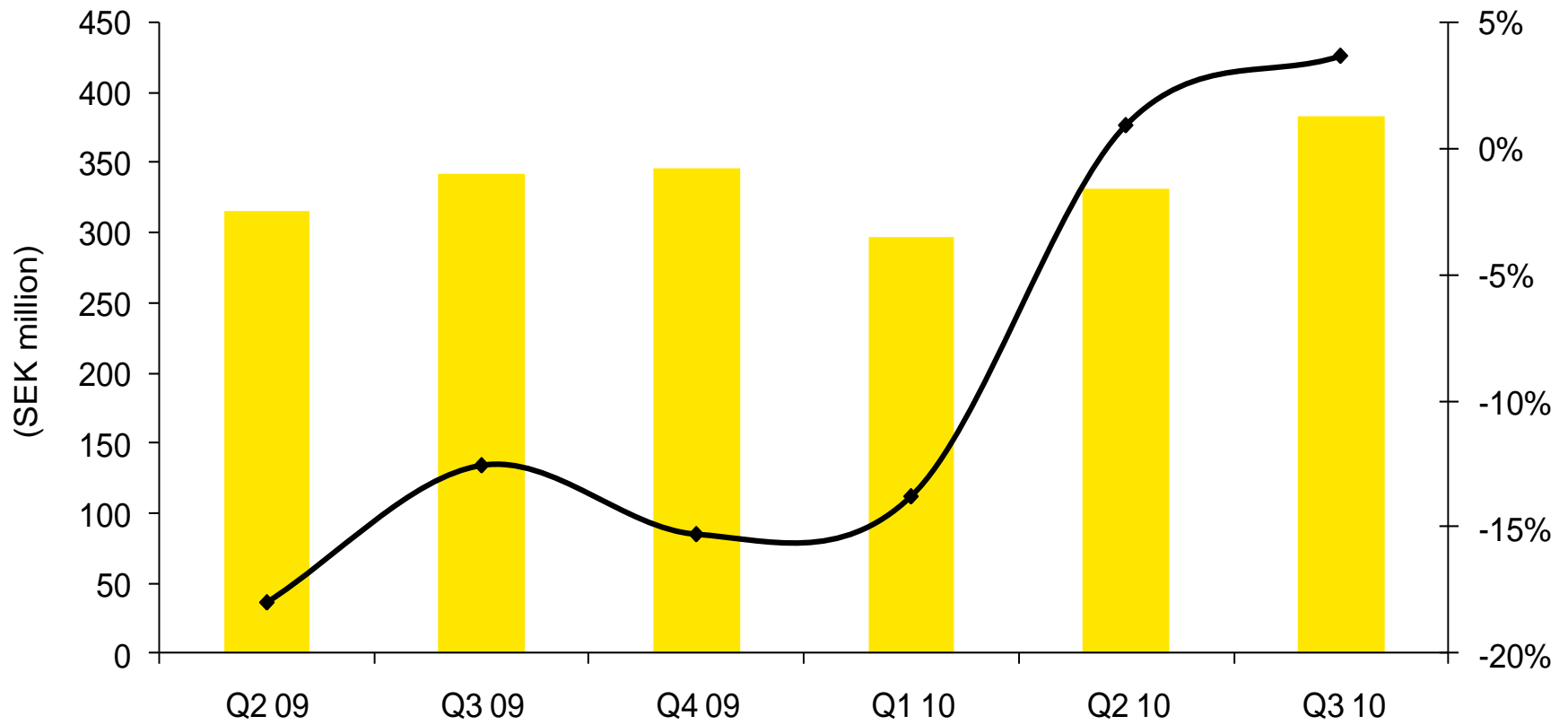


TELE2 CROATIA MOBILE



TELE2 CROATIA MOBILE (contd)

■ Mobile Net sales ◆ EBITDA marg.



Appendix B

NET DEBT AND DIVIDEND TARGETS

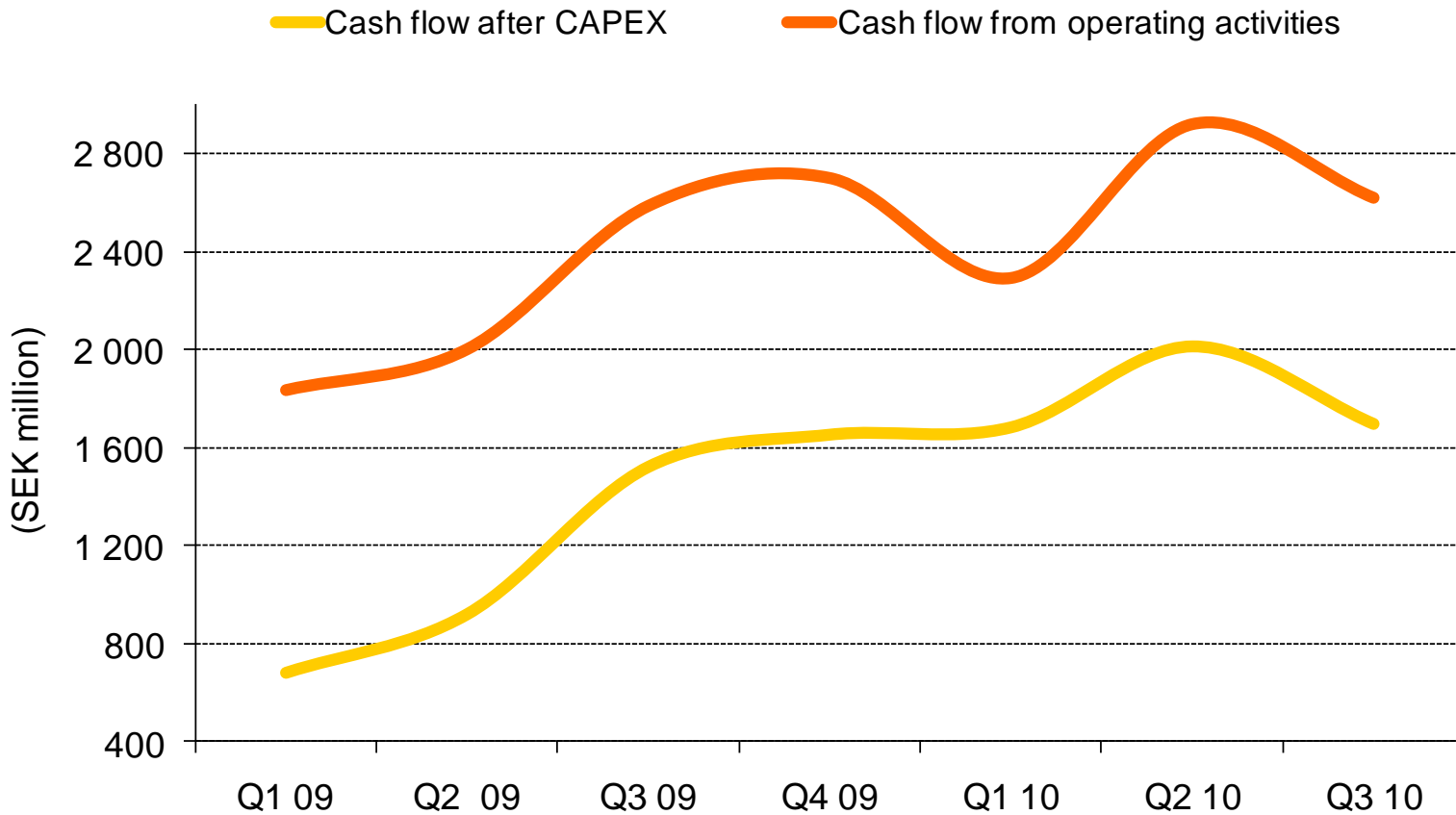
- Shareholder remuneration
 - “Tele2’s intention is to pay a progressive ordinary dividend to its shareholders over the medium term”
- Long-term financial leverage
 - “Tele2’s longer-term financial leverage, defined as the net debt /EBITDA ratio, should be in line with the industry and the markets in which it operates”
- Short-term consideration
 - “The company needs to take the uncertainties in the financial markets into consideration and act accordingly”

Appendix C

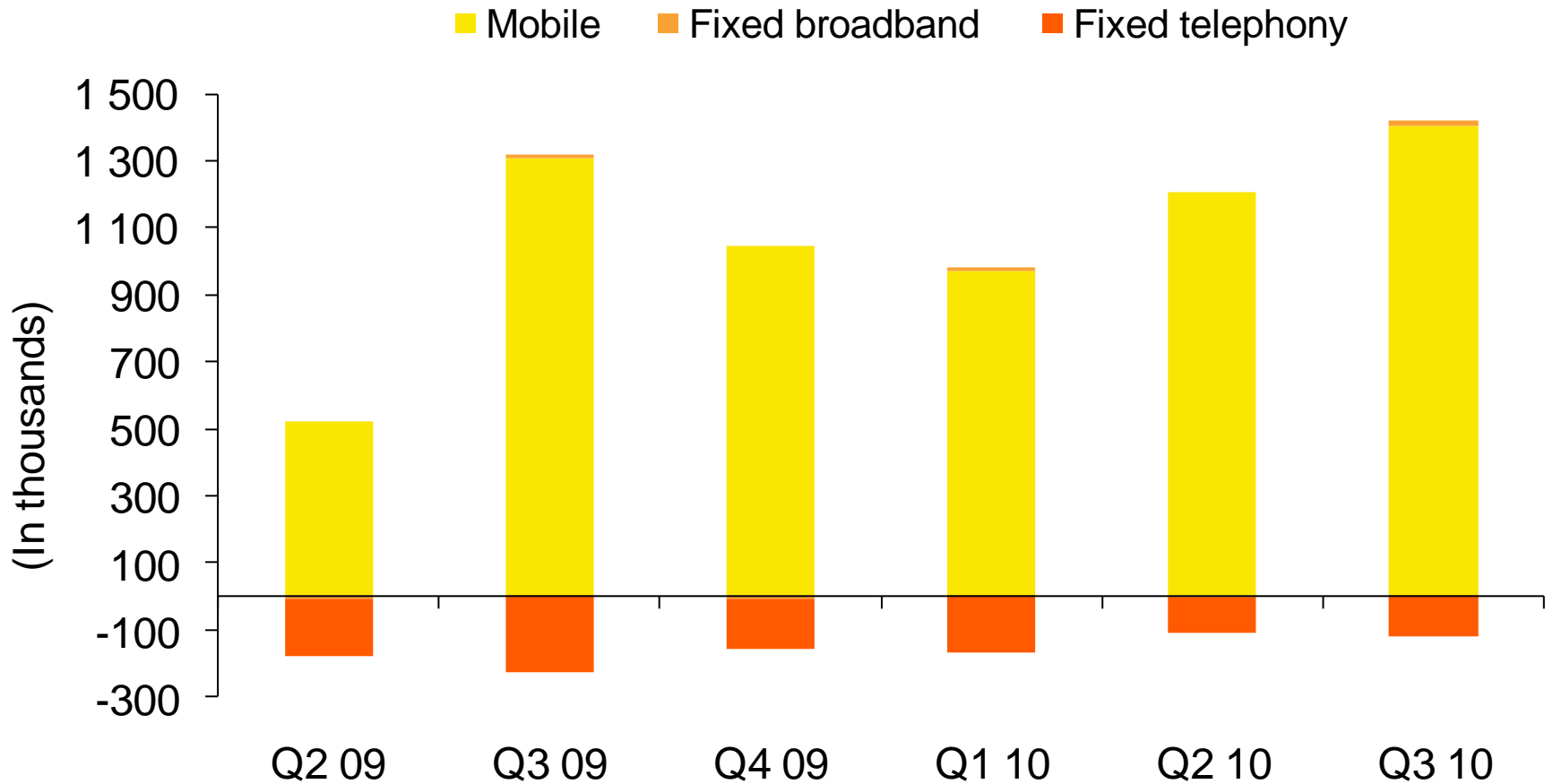
FINANCIAL ITEMS Q3 2010

SEK million	Q3 10	Q3 09	Change
External			
Net interest expenses	-89	-111	22
Exchange rate differences, external	56	138	-82
Other financial items	-40	-10	-30
	-73	17	-90
Exchange rate differences, intragroup	57	182	-125
Financial items	-16	199	-215

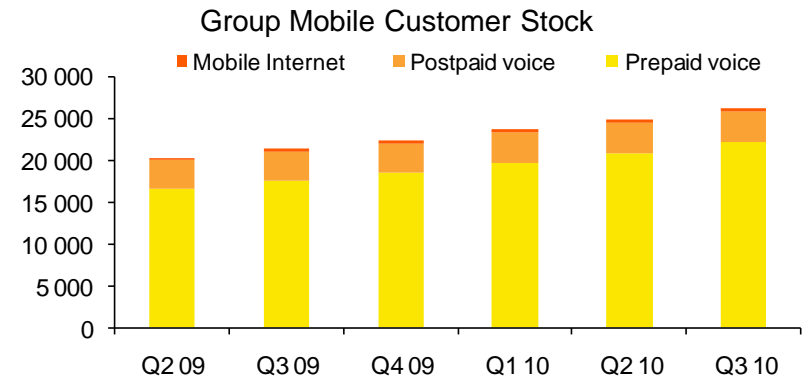
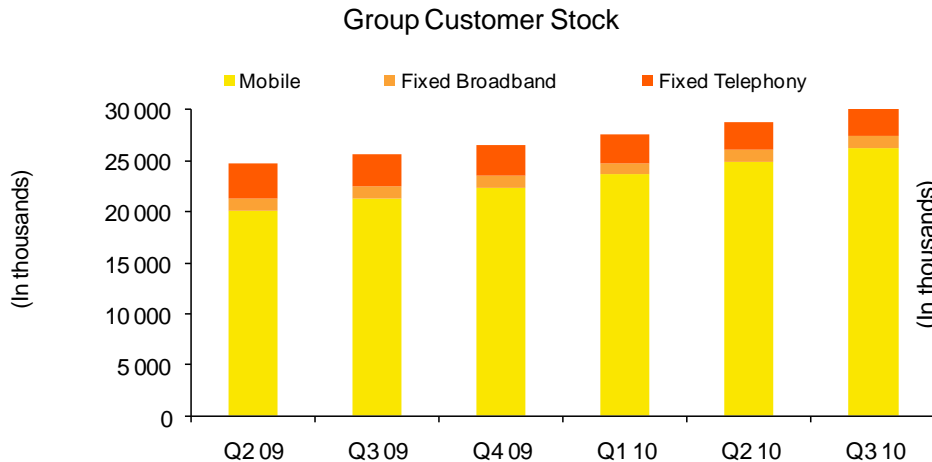
CASH FLOW DEVELOPMENT



GROUP NET INTAKE PER SEGMENT

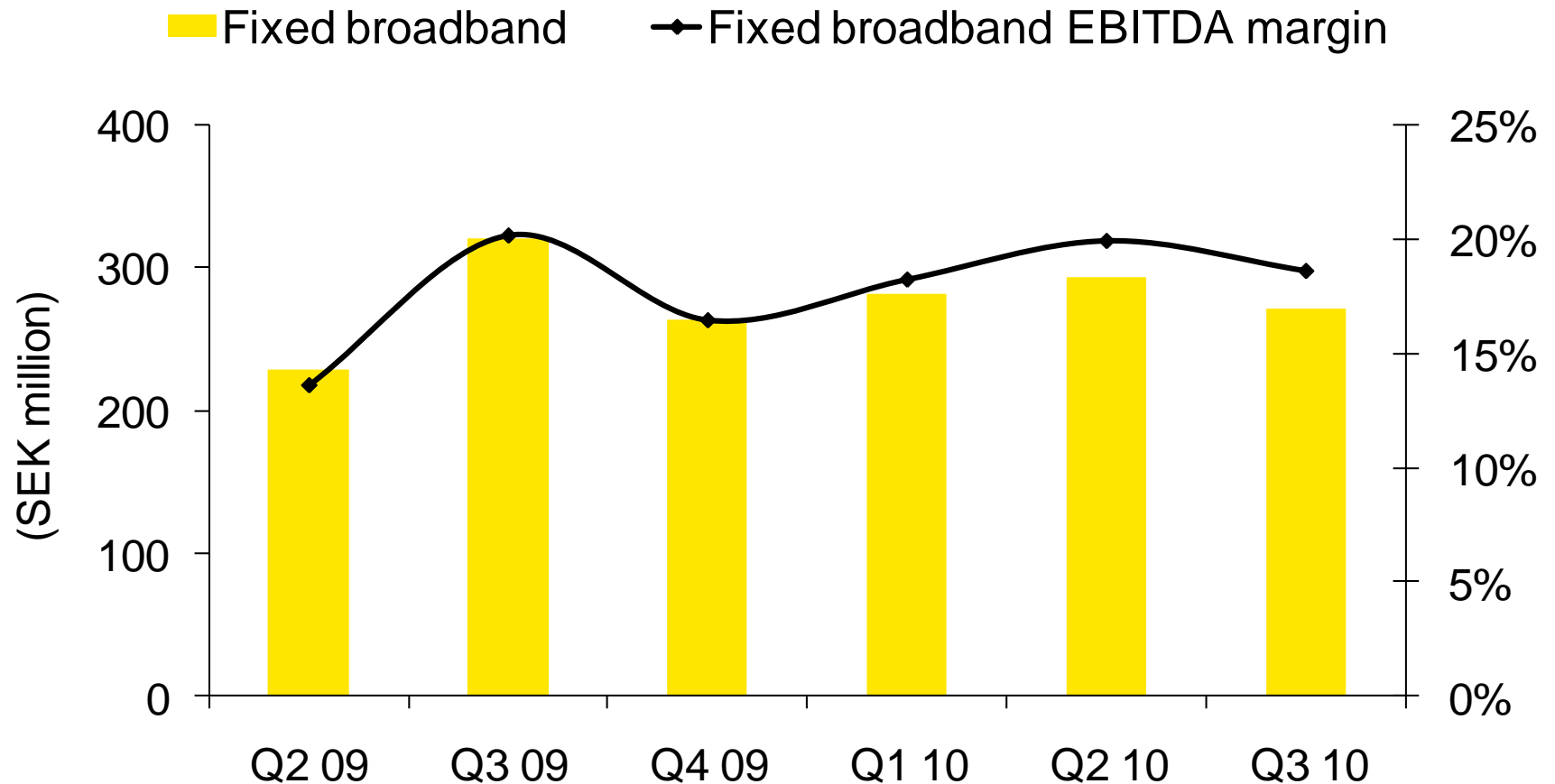


GROUP CUSTOMER STOCK

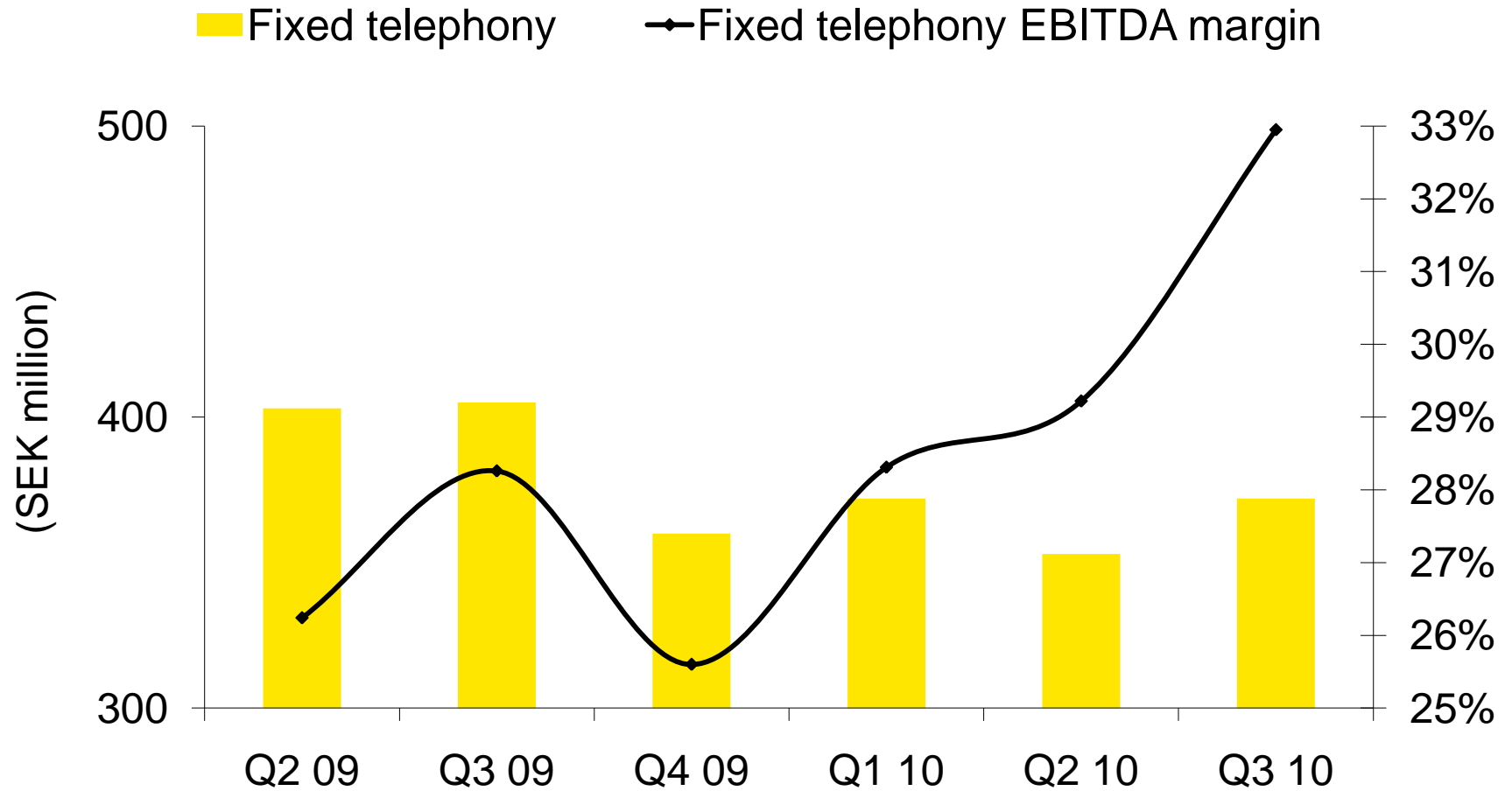


- Strong intake in the mobile segment
 - Driven by Russia adding 1,170,000 new customers

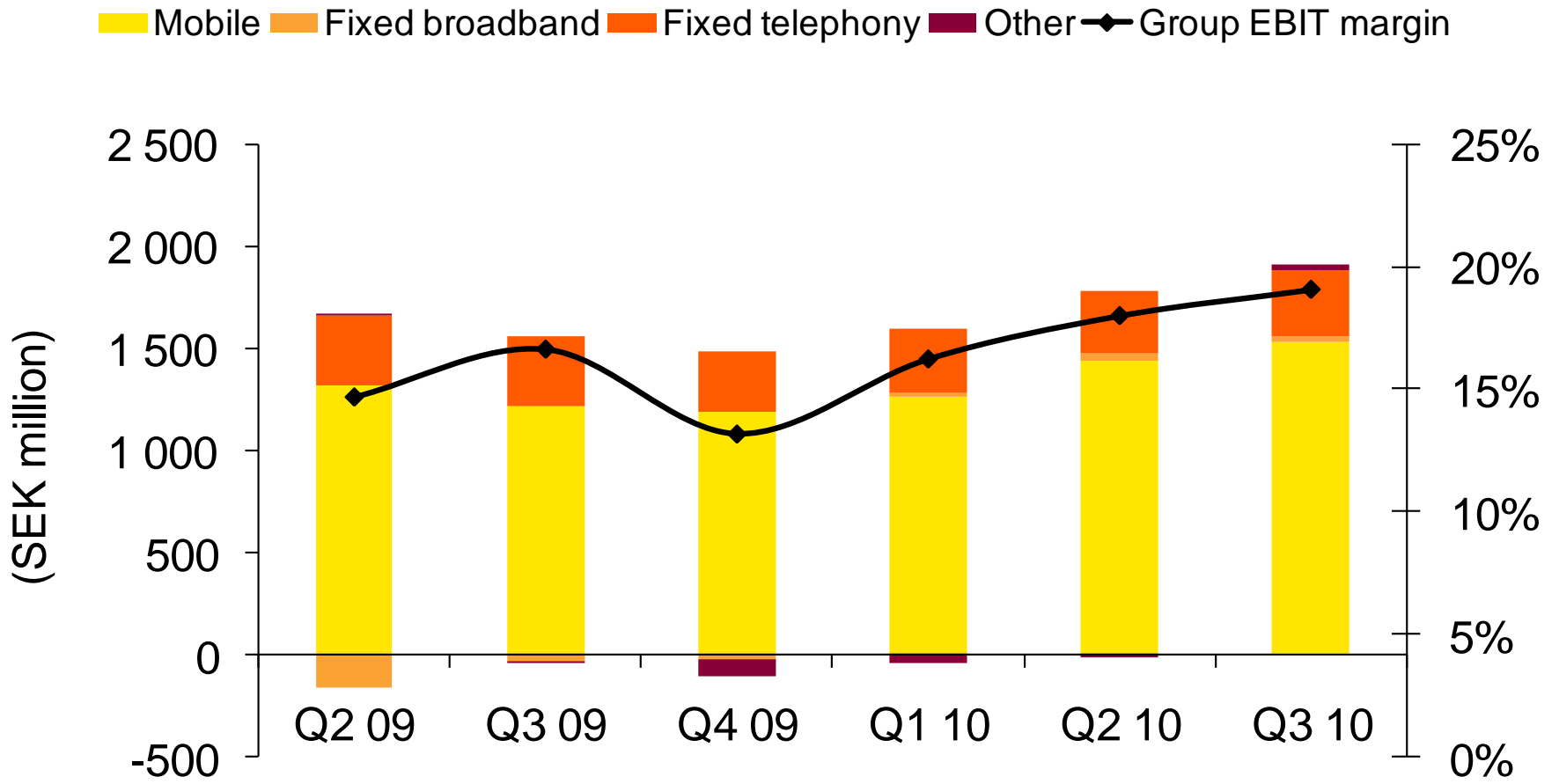
GROUP FIXED BROADBAND EBITDA



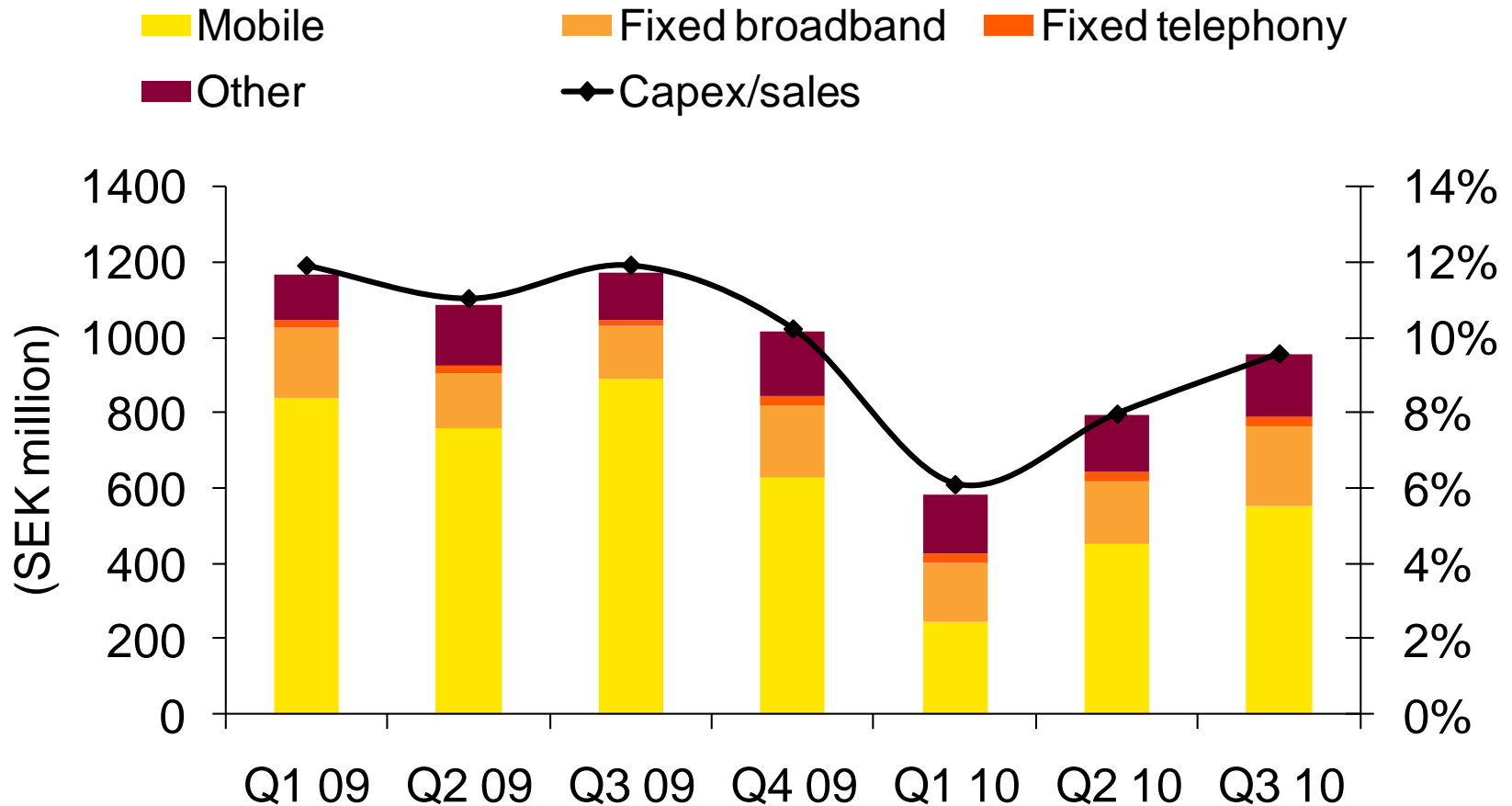
GROUP FIXED TELEPHONY EBITDA



GROUP EBIT



GROUP CAPEX



In 2010: Tele2 forecasts a CAPEX level in the range of SEK 4,600 – 4,800 million

TELE2