

# **INTERIM REPORT FIRST QUARTER 2014**

**TELE2**

# Continued focus on mobile

## Increased customer intake on several markets

### Q1 2014 HIGHLIGHTS

#### Strong mobile end-user service revenue growth for the Group

■ In the quarter, mobile end-user service revenue grew by 3 percent amounting to SEK 3,600 (3,496) million. This trend was driven by positive usage of mobile data, compensating less revenue from mobile voice and SMS.

#### Robust operational performance in Tele2 Sweden

■ Mobile end-user service revenue in Sweden grew by 3 percent Q1 2014, driven by increased usage in the postpaid segment. The mobile EBITDA contribution in the quarter was SEK 745 (732) million.

#### Maintained positive customer intake within mobile for Tele2 Netherlands

■ Tele2 Netherlands continued to gain market share by adding 47,000 (57,000) customers and taking the total mobile customer base to 741,000 (535,000). Mobile end-user service revenue amounted to SEK 273 (197) million growing by 39 percent in Q1 2014.

#### Strategic review of Tele2 Norway

■ Tele2 Norway had a net intake of 14,000 (-4,000) in the quarter, leading to a total customer base of 1,132,000. In Q1 2014, One Call became the third largest mobile operator in Norway in terms of customers, reaching 423,000 users. A strategic review of the Norwegian business was initiated, following the result of the license auction in December 2013.

#### Positive customer intake for Tele2 Kazakhstan

■ Tele2 Kazakhstan's work to improve its commission structure since the previous quarters yielded a positive sequential customer intake of 20,000 compared to -393,000 in Q4 2013. End-user service revenue grew by 11 percent in Q1 2014 amounting to SEK 216 (195) million. Thanks to improved operational scale and lower interconnect levels, EBITDA amounted to SEK 1 (-45) million, the first positive quarter since commercial launch.

#### Divestment of Swedish residential cable and fiber operations

■ 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 in Q1 2014 amounted to SEK 257 million.

Net sales  
Q1 2014

7,108

SEK million

EBITDA  
Q1 2014

1,381

SEK million

#### Key Financial Data Q1

SEK million	Q1		
	2014	2013	%
Net sales	7,108	7,298	-3
Net sales excluding exchange rate differences	7,108	7,307	-3
EBITDA	1,381	1,488	-7
EBITDA excluding exchange rate differences	1,381	1,519	-9
EBIT	854	670	27
EBIT excluding one-off items (see Note 2)	612	668	-8
Net profit	475	353	35
Earnings per share, after dilution (SEK)	1.06	0.79	34

The figures presented in this report refer to Q1 2014 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2013.

# CEO Word, Q1 2014

The first quarter 2014 showed good progress as several markets made operational improvements. The growth profile within mobile services was maintained in the quarter, with a solid 3 percent mobile end-user service revenue growth. Marketing efforts in the Netherlands and Sweden resulted in higher operational expenditures which, as foreseen, led to lower EBITDA contribution. I believe that these efforts will yield improved results in the coming quarters.

Our Swedish operations continued to demonstrate good end user service revenue growth during the quarter. The demand for 4G enabled smartphones was stronger than ever. And with better equipped customers, the data traffic trend maintained its trajectory. To drive demand even further, we proactively offered streaming services to our customers, such as HBO Nordic. Our efforts to create Sweden's best 4G network received recognition in the quarter, when our infrastructure was rated best in class by OpenSignal.

Our Dutch consumer fixed broadband started to show improvement, and lower customer churn proves that our measures are working. We now have a clear view on how to develop this business going forward and our expectation is to see further improvements in the quarters to come. The mobile business is maintaining its momentum, taking market share through an innovative pricing and packaging strategy. Competition has increased, in accordance with our forecast, but we continue to lead when it comes to the data centric pricing model. The network roll-out achieved important technical milestones in the quarter and we will enable off-loading for our customer, so that they can start enjoying our 4G capabilities.

Our Norwegian operation performed well, with robust customer intake. We initiated an evaluation of the Norwegian businesses to explore various strategic options and ensure the best outcome for our shareholders. As this process is ongoing, our plan for the business

**“Our focus for 2014 is clear. The Netherlands and Kazakhstan is building a mobile business for the future, contributing strongly to overall growth. Sweden stands as the role model when it comes to creating a profitable and data centric business model.”**

remain unchanged and we will continue our commercial efforts, being the mobile challenger of the Norwegian market.

Tele2 Kazakhstan's efforts to improve its customer management yielded solid results in the quarter and we once again started to add customers to our operations. The network roll-out maintained its fast pace and our technical team added 89 sites in the quarter. As a result, we should be able to match the competition's technical and geographic capabilities by the end of the year.

Tele2 Lithuania had to face a price war during the quarter and did a splendid job fending off the competition. The successful outcome is largely the result of our strong corporate culture – knowing what to do

and how to do it in a cost efficient way. In the case of Lithuania, the outcome was an improved market position fuelled by customer acquisition and increased revenue market share.

Our focus for 2014 is clear. The Netherlands and Kazakhstan are building a mobile business for the future, contributing strongly to overall growth. Sweden stands as the role model when it comes to creating a profitable and data centric business model. The strategic review of our Norwegian business will continue with the aim to find a solution that will maximize value for our shareholders.

Mats Granryd  
President and CEO

## SIGNIFICANT EVENTS | Q1

- Tele2 appointed Allison Kirkby as new CFO of Tele2 AB.
- Tele2 appointed Jeff Dodds as new CEO of Tele2 Netherlands.
- Tele2 appointed Caroline Fellenius-Omnell as new Group General Counsel of Tele2 AB.
- Tele2 Estonia acquired two mobile licenses in the 800 MHz and 2100 MHz frequency bands for SEK 54 million (see note 7).
- Tele2 initiated a strategic review of Tele2 Norway following the license auction in the country.
- In January 2014, the sale of Tele2 Sweden's residential cable and fiber operations was finalized (see note 10).

# Financial Overview

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 the same period last year, combined with greater efforts to develop mobile services on own infrastructure have had a positive impact on Tele2's EBITDA. The Group will concentrate on maximizing the return from fixed-line.

**Net customer intake** amounted to 3,000 (211,000) in Q1 2014. The customer intake in mobile services amounted to 68,000 (313,000). This development was mainly driven by positive customer intake in the Netherlands, Kazakhstan and Germany. The fixed broadband customer base decreased by -18,000 (-34,000) customers in Q1 2014, primarily attributable to Tele2's operations in the Netherlands and Sweden. As expected, the number of fixed telephony customers fell in Q1 2014 amounting to 1,033,000 (1,285,000). On March 31, 2014 the total customer base amounted to 14,382,000 (15,657,000) impacted by -385,000 from the sale of the Swedish cable and fiber operations (see note 1).

**Net sales** in Q1 2014 amounted to SEK 7,108 (7,298) million. The net sales development was mainly a result of lower interconnect levels within mobile services (see page 17 for mobile external net sales split) and negative net sales development within consumer fixed telephony and fixed broadband, following the sale of the Swedish cable and fiber operations. However, end-user service revenue continued to grow by 3 percent for mobile services in the quarter.

**EBITDA** in Q1 2014 amounted to SEK 1,381 (1,488) million, equivalent to an EBITDA margin of 19 (20) percent. The EBITDA development was positively affected by SEK 8 million as a result of decisions by PTS, the Swedish National Regulatory Agency (see note 2). The operational development was also affected by expansion costs in the mobile segment, tougher competition in the fixed broadband segment and a decreasing fixed telephony customer base.

**EBIT** in Q1 2014 amounted to SEK 612 (668) million excluding one-off items. Including one-off items and capital gain from the sale of the Swedish residential cable and fiber operations (see note 10), EBIT amounted to SEK 854 (670) million.

**Profit before tax** in Q1 2014 amounted to SEK 712 (553) million.

**Net profit** in Q1 2014 amounted to SEK 475 (353) million. Reported tax for Q1 2014 amounted to SEK -237 (-200) million. Tax payment affecting cash flow amounted to SEK -125 (-155, excluding Russia) million. Deferred tax assets amounted to SEK 2.6 billion at the end of the quarter.

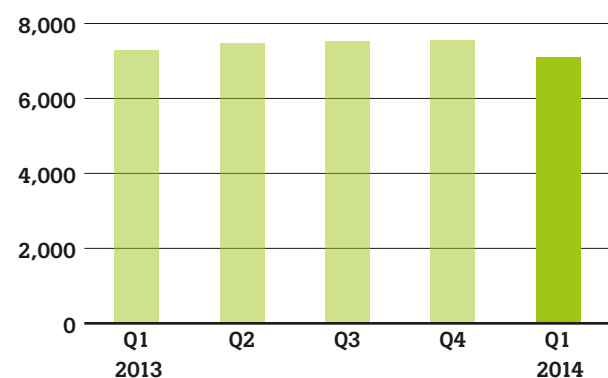
**Cash flow** after CAPEX in Q1 2014 amounted to SEK -555 (-1,293, excluding Russia) million mainly due to negative movement in working capital and mobile network roll-outs in Sweden, the Netherlands, Norway and Kazakhstan.

**CAPEX** in Q1 2014 amounted to SEK 963 (2,123) million, driven principally by further network expansion in Sweden, the Netherlands, Norway and Kazakhstan.

**Net debt** amounted to SEK 7,691 (16,471) million on March 31, 2014, or 1.31 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 8,521 (11,057) million (see Note 3 for further information on financial debt).

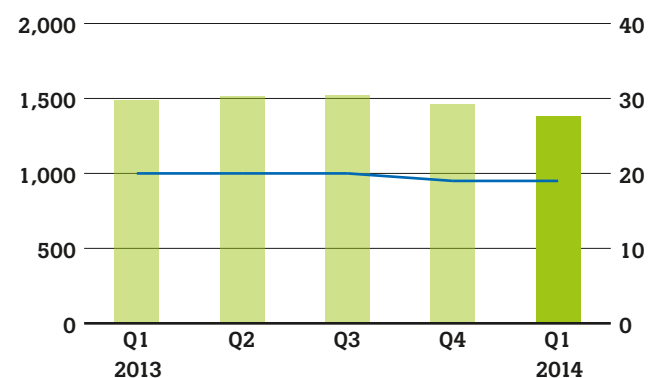
## Net sales

SEK million



## EBITDA/EBITDA margin

SEK million/Percent



# Financial Guidance

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

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

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

## Shareholder remuneration

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

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

## Balance sheet

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

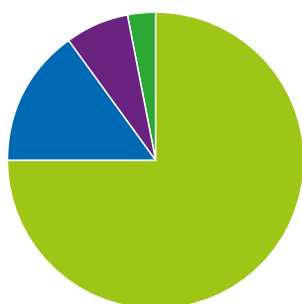
## Financial summary

SEK million	Note	Q1 2014	Q1 2013	FY 2013
<b>Mobile<sup>1)</sup></b>				
Net customer intake (thousands)		68	313	614
Net sales		5,322	5,090	21,487
EBITDA		941	928	3,846
EBIT		397	390	1,567
CAPEX	7	664	1,847	3,957
<b>Fixed broadband<sup>1)</sup></b>				
Net customer intake (thousands)		-18	-34	-86
Net sales	10	1,042	1,315	5,025
EBITDA	10	233	307	1,194
EBIT	10	62	89	350
CAPEX	10	131	125	585
<b>Fixed telephony<sup>1)</sup></b>				
Net customer intake (thousands)		-47	-68	-273
Net sales		471	597	2,201
EBITDA		139	183	669
EBIT		120	161	585
CAPEX		15	12	76
<b>Total</b>				
Net customer intake (thousands)		3	211	255
Net sales		7,108	7,298	29,871
EBITDA		1,381	1,488	5,990
EBIT <sup>2)</sup>	2	612	668	2,626
CAPEX	7	963	2,123	5,169
EBT		712	553	1,578
Net profit		475	353	655
Cash flow from operating activities, continued operations		507	852	5,090
Cash flow from operating activities, total operations		507	1,575	5,813
Cash flow after CAPEX, continued operations	7	-555	-1,293	165
Cash flow after CAPEX, total operations		-555	-886	572

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

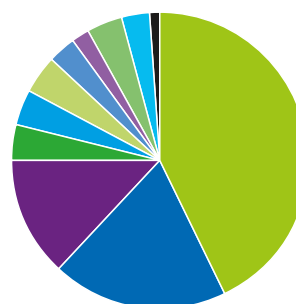
2) Total EBIT includes result from sale of operations and other one-off items stated under the segment reporting section of EBIT (page 20).

### Net sales per service area, Q1 2014



Mobile	75%	Fixed telephony	6%
Fixed broadband	15%	Other	4%

### Net sales per country, Q1 2014



Sweden	43%	Latvia	3%
Netherlands	19%	Estonia	2%
Norway	13%	Austria	4%
Kazakhstan	4%	Germany	3%
Croatia	4%	Other	1%
Lithuania	4%		

# Overview by country

## NET SALES LESS EXCHANGE RATE FLUCTUATIONS

	2014 Q1	2013 Q1*	Growth
Sweden	3 021	3 080	-2%
Netherlands	1 320	1 387	-5%
Norway	956	973	-2%
Kazakhstan	294	258	14%
Croatia	299	306	-2%
Lithuania	304	305	-
Latvia	213	246	-13%
Estonia	154	163	-6%
Austria	291	327	-11%
Germany	229	223	3%
Other	27	39	-31%
<b>Continued operations</b>	<b>7 108</b>	<b>7 307</b>	<b>-3%</b>
FX effects		-9	-
<b>Total</b>	<b>7 108</b>	<b>7 298</b>	<b>-3%</b>

\* Adjusted for fluctuations in exchange rates.

### Sweden

**Mobile** In Q1 2014, end-user service revenue amounted to SEK 1,716 (1,662) million, growing by 3 percent compared to the same period last year. The EBITDA contribution in the quarter reached SEK 745 (732) million.

The mobile market was characterized by a slow start but competition intensified later in the quarter, with an increased focus on price. The shift from "pay as you go" to bucket price plans continued throughout the quarter with a total of 61 percent of customer stock on bucket price plans in the residential segment.

The demand for handsets continued to support the shift from pre-paid to postpaid in the market. Furthermore, the share of 4G enabled handsets sold showed a significant growth: 85 percent of handsets sold in Q1 2014 were 4G enabled, in comparison to 25 percent in Q1 2013 (excluding iPhone5).

The total mobile customer base amounted to 3,725,000 (3,723,000). Although still in decline, the prepaid segment's rate of change improved to -17,000 (-50,000).

Tele2 Sweden continued the roll-out of the combined 2G and 4G networks in the joint venture Net4Mobility, with aggressive geographic coverage targets. With this roll-out, Tele2 Sweden will improve the coverage in all areas of Sweden with the aim of reaching 90 percent geographic coverage in 2016.

In the business segment, Q1 2014 showed a positive trend in all KPIs measuring customers' perception of the company's brand. The small and medium segment pursued its steady growth and delivered on plan. The large enterprise segment won several full-service contracts during the quarter, displaying good growth potential going forward.

**Fixed broadband** 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 in Q1 2014 amounted to SEK 257 million. In 2013, the operation affected Tele2's net sales by SEK 564 million and EBITDA by SEK -9 million.

**Fixed telephony** The EBITDA contribution in the quarter amounted to SEK 43 (65) million. As expected, Tele2 Sweden continued to see a declining demand for fixed telephony as a consequence of the increased demand for mobile bucket price plans.

## EBITDA LESS EXCHANGE RATE FLUCTUATIONS

	2014 Q1	2013 Q1*	Growth
Sweden	825	834	-1%
Netherlands	257	330	-22%
Norway	22	36	-39%
Kazakhstan	1	-40	103%
Croatia	25	3	733%
Lithuania	108	122	-11%
Latvia	62	82	-24%
Estonia	39	47	-17%
Austria	49	93	-47%
Germany	34	53	-36%
Other	-41	-41	-
<b>Continued operations</b>	<b>1 381</b>	<b>1 519</b>	<b>-9%</b>
FX effects		-31	2%
<b>Total</b>	<b>1 381</b>	<b>1 488</b>	<b>-7%</b>

### The Netherlands

During Q1 2014, Tele2 Netherlands maintained its strong growth in the mobile segment. The quarter was also marked by the launch of the new brand campaign in which Tele2 Netherlands shifts its position from a price fighter to a communications provider aiming at offering its customers what they need, for less.

The 4G roll-out continued according to plan with several technical milestone passed in the quarter. In addition, Tele2 Netherlands signed an agreement with Eurofiber to support the fiber backhaul on location outside of Tele2's own fiber footprint.

The company pursued its strong commercial progress in the business segment with the addition of several new contracts.

**Mobile** Tele2 Netherlands showed its ninth consecutive quarter of mobile growth with a net intake of 47,000 (57,000) customers, bringing the total mobile customer base to 741,000. This resulted in an end-user service revenue of SEK 273 (197) million, growing by 39 percent.

**MNO project** The network roll-out continued according to plan. In Q1 2014, the new mobile core was activated in Tele2 Netherlands' network, enabling the company to test and further improve network performance and CRM systems. The VoLTE technique and circuit switch fall back were also successfully tested during the quarter.

**Fixed broadband** Tele2 Netherlands took several quality improvement steps to further optimize its TV product, adding popular channels like HBO and expanding the amount of channels which can be watched in high definition. The upgrade of the TV product was combined with Tele2 Netherlands' new pricing strategy: what you need for less. As a consequence, the decline in customers was lower than the average market performance. Tele2 Netherlands' focus on improving customer satisfaction in the business segment, which gave positive result in the quarter. The company was able to add new high prestige contracts to its business customer base.

### Norway

The Norwegian operation performed well, with robust customer intake. Tele2 initiated strategic review of the Norwegian businesses to explore various strategic options and ensure the best outcome for its shareholders.

**Mobile** Tele2 Norway had a net intake of 14,000 (-4,000) in the quarter, leading to a total customer base of 1,132,000.

In Q1 2014, Tele2 Norway reported an end-user service revenue of SEK 696 (775) million. The decrease was mainly due to lower ARPU driven by increased price competition in the market.

Tele2 Norway reached an EBITDA of SEK 10 (27) million during the quarter. The EBITDA development was negatively affected by higher NRA costs, but balanced by lower expansion costs and more traffic in own network compared to the same period last year.

Sales campaigns for all brands focused on bucket plans including "all you can eat" voice and SMS subscriptions. The aim was to increase the share of fixed fee subscriptions in order to secure revenue streams. At the end of the quarter, 77 percent of Tele2's and One Call's customers had fixed fee subscriptions.

In Q1 2014, One Call became the third largest mobile operator in Norway in terms of customers, reaching 423,000 customers and still pursuing its growth. In March 2014, One Call was awarded the prize for best customer service in the telecommunications sector for the third consecutive year by TNS Gallup in their annual customer service survey.

Traffic volume in Tele2 Norway's own network continued to grow in the quarter, but due to the fact that Tele2 Norway did not obtain any frequencies in the multiband auction held in December 2013 the company put further network development on hold.

**Fixed telephony** showed a decrease in net sales and profitability during Q1 2014, due to higher competition from mobile services. Fixed telephony had an EBITDA contribution of SEK 10 (10) million in the quarter.

#### **Kazakhstan**

**Mobile** In Q1 2014, Tele2 Kazakhstan showed improved customer intake compared to Q4 2013 and continued to increase its commercial activity throughout the country. Customer intake amounted to 20,000 (252,000) subscribers during the quarter leading to a total customer base of 2,771,000.

End-user service revenue amounted to SEK 216 (195) million, growing by 11 percent compared to the same period last year.

Starting from 1 January 2014, the interconnect level in the country was lowered by 15 percent leading to improved gross margin for Tele2 Kazakhstan. Together with better economies of scale, Tele2 Kazakhstan delivered its first positive EBITDA result for a quarter since commercial launch.

The company pursued its network expansion. During the quarter, the number of base stations increased by 89 units. Tele2 Kazakhstan's constant efforts to improve network quality and capability contributed to increasing mobile data traffic by more than 200 percent compared to the same period last year.

The "ComNews Research" agency conducted a comparative research on all mobile operators' tariff plans in Kazakhstan (February 2013 - February 2014). The results of this research confirmed that Tele2 Kazakhstan offers the best value proposition for customers in the market and Tele2 Kazakhstan was acknowledged to be the most affordable mobile operator in the country.

#### **Croatia**

**Mobile** Despite the overall market decline, Tele2 Croatia continued to grow in Q1 2014 supported by strong marketing campaigns which resulted in a net intake of 6,000 (22,000). Revenue market share passed 20 percent and its end-user service revenue grew by 4 percent amounting to SEK 182 (175) million.

During the quarter, Tele2 Croatia won the "Best Buy Award 2014" granted by ICERTIAS (International Certification Association) for best value among telecommunications operators and in the prepaid category.

#### **Lithuania**

**Mobile** Tele2 Lithuania showed solid performance during Q1 2014 and outperformed its competitors in customer intake. The company added 18,000 (12,000) new customers in the quarter. Furthermore, Tele2 Lithuania's quality perception continued to improve versus competitors.

Aggressive market price erosion caused Tele2 Lithuania's end-user service revenue to decrease and amounted to SEK 196 (204) million. EBITDA was also impacted by increased competition and amounted to SEK 108 (117) million. However, Tele2 Lithuania managed to maintain a healthy EBITDA margin of 36 (40) percent.

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

Tele2 Lithuania successfully upgraded 100 percent of its network through a network swap of old equipment. The upgrade enables Tele2 Lithuania to provide all network services including 2G, 3G and 4G.

#### **Latvia**

**Mobile** During the quarter, Tele2 Latvia launched several new initiatives in the customer service area and deployed world-class billing and customer care solutions. Furthermore, Tele2 Latvia commercially introduced LTE technology to its mobile broadband services, combined with a new price plan portfolio. The company gained the price leadership position, and achieved a significant gain in reputation and trust, as a result of ongoing attention to service excellence and performance. The efforts yielded good result and end user service revenue remained stable at SEK 128 (128) million even though competition remained high in the quarter.

Tele2 Latvia worked during the quarter on maintaining its efficiency despite a high level of competition in the market. However, as a result of increasing price competition, the EBITDA margin decreased to 29 (33) percent.

Tele2 Latvia will pursue its active position in the market while maintaining its focus on revenue growth, customer satisfaction and future development.

#### **Estonia**

**Mobile** Tele2 Estonia showed satisfactory financial performance during Q1 2014 under very difficult market conditions, with end user service revenue and EBITDA amounting to SEK 91 (95) million and SEK 33 (35) million respectively.

In the quarter, Tele2 Estonia opened a new flagship store in Tallinn which was well received by the customers.

In Q1 2014, the company appointed a new CEO, Argo Virkebau and CFO, Kristina Toms.

In Q1 2014, Tele2 Estonia acquired two mobile licenses in the 800 MHz and 2100 MHz frequency bands for SEK 54 million (see note 7).

The company continued to upgrade its network through a network swap of old equipment in order to provide the best voice and data service quality. The rest of the network will be upgraded by the end of Q2 2014. The upgrade will then enable Tele2 Estonia to provide all network services including 2G, 3G and 4G to Estonian customers.



### **Austria**

In the quarter Tele2 Austria's net sales amounted to SEK 291 (314) million supported by increased focus on driving growth in the business and residential segments. As a result of increased marketing activities EBITDA amounted to SEK 49 (89) million.

Tele2 Austria increased its already high customer satisfaction levels during the quarter, reaching 85 percent on average. Service costs were decreased according to Customer Operations' cost saving program.

**Fixed broadband** The successful upselling of high speed products to existing customers continued through telemarketing activities in Q1 2014. During the quarter, the company started brand building campaign to strengthen the Tele2 brand and communicate its re-defined image and positioning as the challenger in the market.

**Fixed telephony** Successful retention and cross-selling activities to the high profitable tariffs continued throughout the quarter.

### **Germany**

During Q1 2014, Tele2 Germany continued to see the positive effects of its transformation from a fixed operator to a fixed and mobile service provider. The solid growth in the mobile segment was hedged by strong financial performance in the fixed and broadband segments, despite the continuing declining market trend in these areas.

**Mobile** The mobile segment continued its positive performance and provided stable and solid net intake, adding 20,000 (12,000) new customers in the quarter. The segment became in the quarter the strongest net sales contributor, as this growth fully compensated for the decline in the fixed segment. Net sales amounted to SEK 104 (66) million. During the quarter, both mobile sub-segments (regular mobile services and fixed-via-mobile services) saw a strong demand for voice and data bundles and up-sale potential with SMS and additional data package options.

**Fixed broadband and telephony** In Q1 2014, both the fixed telephony (Carrier Pre-Selection and Open Call-by-Call) and the fixed broadband segments followed the general declining market trend. Nevertheless, these segments continued to show strong financial performance above expectations due to stringent customer base management.

## Other Items

### **Risks and uncertainty factors**

Tele2's operations are affected by a number of external factors. The risk factors considered to be most significant to Tele2's future development are operating risks, such as the availability of frequencies and telecom licenses, price competition, integration of new business models, changes in regulatory legislation, operation in Kazakhstan, network sharing with other parties, and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in Tele2's annual report for 2013 (see Directors' report and Note 2 of the report for a detailed description of Tele2's risk exposure and risk management), no additional significant risks are estimated to have developed.

### **Company disclosure**

#### **Tele2 AB (publ) Annual General Meeting 2014**

The 2014 Annual General Meeting will be held on May 12, at 2.00 p.m. CET at the Hotel Rival, Mariatorget 3 in Stockholm. Shareholders who wish to attend the Annual General Meeting shall:

- be entered in the share register maintained by Euroclear Sweden on Tuesday, May 6, 2014,
- give notice of their attendance no later than on Tuesday, May 6, 2014, preferably before 1.00 p.m. CET.

Notification may be submitted on the company's website at [www.tele2.com](http://www.tele2.com), by telephone to +46 (0) 771 246 400 or in writing to the address Tele2 AB, c/o Computershare AB, P.O. Box 610, SE-182 16 Danderyd, Sweden.

### **Other**

Tele2 will release the financial and operating results for the period ending June 30, 2014 on July 16, 2014.

Stockholm, April 25, 2014

Tele2 AB

Mats Granryd

*President and CEO*

### **Review Report**

This interim report has not been subject to specific review by the company's auditors.

## Q1 2014 PRESENTATION

Tele2 will host a presentation, with the possibility to join through a conference call, for the global financial community at 10:00 am CEST (09:00 am BST/04:00 am EDT) on Friday, April 25, 2014. The presentation will be held in English and also made available as an audiocast on Tele2's website: [www.tele2.com](http://www.tele2.com).

### Dial-in information

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

### Dial-in numbers

Sweden: +46 8 505 564 74

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US: +1 855 753 2230

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## APPENDICES

Income statement

Comprehensive income

Change in equity

Balance sheet

Cash flow statement

Numbers of customers

Net sales

Internal sales

Mobile external net sales split

EBITDA

EBIT

CAPEX

Key ratios

Parent company

Notes

## 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 10 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 2013, we had net sales of SEK 30 billion and reported an operating profit (EBITDA) of SEK 6 billion.

# Income statement

SEK million	Note	2014 Jan 1–Mar 31	2013 Jan 1–Mar 31	2013 Full year
<b>CONTINUING OPERATIONS</b>				
Net sales	1	7,108	7,298	29,871
Cost of services sold	2	-4,305	-4,447	-18,539
<b>Gross profit</b>		<b>2,803</b>	<b>2,851</b>	<b>11,332</b>
Selling expenses	2	-1,556	-1,581	-6,598
Administrative expenses	2	-663	-621	-2,636
Result from shares in joint ventures and associated companies		-2	-7	-17
Other operating income	10	349	47	208
Other operating expenses	2	-77	-19	-97
<b>Operating profit, EBIT</b>		<b>854</b>	<b>670</b>	<b>2,192</b>
Interest income/costs	3	-89	-130	-391
Other financial items	4	-53	13	-223
<b>Profit after financial items, EBT</b>		<b>712</b>	<b>553</b>	<b>1,578</b>
Income tax	5	-237	-200	-923
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>475</b>	<b>353</b>	<b>655</b>
<b>DISCONTINUED OPERATIONS</b>				
Net profit from discontinued operations	10	-	656	13,935
<b>NET PROFIT</b>		<b>475</b>	<b>1,009</b>	<b>14,590</b>
ATTRIBUTABLE TO				
Equity holders of the parent company		475	1,009	14,590
Earnings per share (SEK)	9	1.07	2.27	32.77
Earnings per share, after dilution (SEK)	9	1.06	2.25	32.55
<b>FROM CONTINUING OPERATIONS</b>				
ATTRIBUTABLE TO				
Equity holders of the parent company		475	353	655
Earnings per share (SEK)	9	1.07	0.79	1.47
Earnings per share, after dilution (SEK)	9	1.06	0.79	1.45

# Comprehensive income

SEK million	Note	2014 Jan 1–Mar 31	2013 Jan 1–Mar 31	2013 Full year
<b>Net profit</b>		<b>475</b>	<b>1,009</b>	<b>14,590</b>
OTHER COMPREHENSIVE INCOME				
<b>Components not to be reclassified to net profit</b>				
Pensions, actuarial gains/losses		-1	-	203
Pensions, actuarial gains/losses, tax effect		-	-	-45
<b>Total components not to be reclassified to net profit</b>		<b>-1</b>	<b>-</b>	<b>158</b>
<b>Components that may be reclassified to net profit</b>				
Exchange rate differences	2	-60	-536	266
Exchange rate differences, tax effect		-12	-75	-18
Reversed cumulative exchange rate differences from divested companies	10	-3	1	1,716
Cash flow hedges		-35	-32	82
Cash flow hedges, tax effect		8	7	-18
<b>Total components that may be reclassified to net profit</b>		<b>-102</b>	<b>-635</b>	<b>2,028</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>-103</b>	<b>-635</b>	<b>2,186</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>372</b>	<b>374</b>	<b>16,776</b>
ATTRIBUTABLE TO				
Equity holders of the parent company		372	374	16,776

# Change in equity

SEK million	Note	Mar 31, 2014			Mar 31, 2013			Dec 31, 2013		
		Attributable to		Total equity	Attributable to		Total equity	Attributable to		Total equity
		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests	
<b>Equity, January 1</b>		<b>21,589</b>	<b>2</b>	<b>21,591</b>	<b>20,426</b>	<b>3</b>	<b>20,429</b>	<b>20,426</b>	<b>3</b>	<b>20,429</b>
Net profit for the period		475	-	475	1,009	-	1,009	14,590	-	14,590
Other comprehensive income for the period, net of tax		-103	-	-103	-635	-	-635	2,186	-	2,186
<b>Total comprehensive income for the period</b>		<b>372</b>	<b>-</b>	<b>372</b>	<b>374</b>	<b>-</b>	<b>374</b>	<b>16,776</b>	<b>-</b>	<b>16,776</b>
<b>Other changes in equity</b>										
Share-based payments	9	6	-	6	12	-	12	14	-	14
Share-based payments, tax effect	9	-	-	-	11	-	11	10	-	10
Dividends	9	-	-	-	-	-	-	-3,163	-	-3,163
Redemption of shares	9	-	-	-	-	-	-	-12,474	-	-12,474
Purchase of non-controlling interests	9	-	-	-	-	-1	-1	-	-1	-1
<b>EQUITY, END OF THE PERIOD</b>		<b>21,967</b>	<b>2</b>	<b>21,969</b>	<b>20,823</b>	<b>2</b>	<b>20,825</b>	<b>21,589</b>	<b>2</b>	<b>21,591</b>

# Balance sheet

SEK million	Note	Mar 31, 2014	Mar 31, 2013	Dec 31, 2013
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill		9,426	9,109	9,537
Other intangible assets	2	5,130	5,275	5,183
<b>Intangible assets</b>		<b>14,556</b>	<b>14,384</b>	<b>14,720</b>
Tangible assets	2	11,711	11,525	11,747
Financial assets	3	329	98	365
Deferred tax assets	5	2,606	3,317	2,753
<b>NON-CURRENT ASSETS</b>		<b>29,202</b>	<b>29,324</b>	<b>29,585</b>
<b>CURRENT ASSETS</b>				
Inventories		438	344	471
Current receivables		7,512	8,185	7,948
Current investments		43	58	55
Cash and cash equivalents	6	593	386	1,348
<b>CURRENT ASSETS</b>		<b>8,586</b>	<b>8,973</b>	<b>9,822</b>
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	10	–	10,010	448
<b>ASSETS</b>		<b>37,788</b>	<b>48,307</b>	<b>39,855</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Attributable to equity holders of the parent company		21,967	20,823	21,589
Non-controlling interests		2	2	2
<b>EQUITY</b>	9	<b>21,969</b>	<b>20,825</b>	<b>21,591</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing liabilities	3	5,186	6,136	6,282
Non-interest-bearing liabilities	5	423	607	441
<b>NON-CURRENT LIABILITIES</b>		<b>5,609</b>	<b>6,743</b>	<b>6,723</b>
<b>CURRENT LIABILITIES</b>				
Interest-bearing liabilities	3	3,167	5,245	3,148
Non-interest-bearing liabilities		7,043	7,846	8,340
<b>CURRENT LIABILITIES</b>		<b>10,210</b>	<b>13,091</b>	<b>11,488</b>
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b>	10	–	7,648	53
<b>EQUITY AND LIABILITIES</b>		<b>37,788</b>	<b>48,307</b>	<b>39,855</b>

# Cash flow statement

(Total operations)

SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>OPERATING ACTIVITIES</b>										
Operating profit		854	1,579	16,339	854	586	248	13,926	1,579	1,524
Adjustments for non-cash items in operating profit		518	1,108	-9,141	518	891	1,286	-12,426	1,108	1,154
Financial items paid		-41	-113	-455	-41	-141	-132	-69	-113	-363
Taxes paid		-125	-332	-479	-125	-109	-31	-7	-332	-497
<b>Cash flow from operations before changes in working capital</b>		<b>1,206</b>	<b>2,242</b>	<b>6,264</b>	<b>1,206</b>	<b>1,227</b>	<b>1,371</b>	<b>1,424</b>	<b>2,242</b>	<b>1,818</b>
Changes in working capital		-699	-667	-451	-699	293	-14	-63	-667	-3
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>507</b>	<b>1,575</b>	<b>5,813</b>	<b>507</b>	<b>1,520</b>	<b>1,357</b>	<b>1,361</b>	<b>1,575</b>	<b>1,815</b>
<b>INVESTING ACTIVITIES</b>										
CAPEX paid	7	-1,062	-2,461	-5,241	-1,062	-1,013	-862	-905	-2,461	-1,286
<b>Cash flow after CAPEX</b>		<b>-555</b>	<b>-886</b>	<b>572</b>	<b>-555</b>	<b>507</b>	<b>495</b>	<b>456</b>	<b>-886</b>	<b>529</b>
Acquisition and sale of shares and participations	10	749	-108	17,228	749	-4	-52	17,392	-108	-16
Other financial assets		14	4	7	14	-6	1	8	4	1
<b>Cash flow from investing activities</b>		<b>-299</b>	<b>-2,565</b>	<b>11,994</b>	<b>-299</b>	<b>-1,023</b>	<b>-913</b>	<b>16,495</b>	<b>-2,565</b>	<b>-1,301</b>
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>		<b>208</b>	<b>-990</b>	<b>17,807</b>	<b>208</b>	<b>497</b>	<b>444</b>	<b>17,856</b>	<b>-990</b>	<b>514</b>
<b>FINANCING ACTIVITIES</b>										
Change of loans, net	3	-986	-229	-2,433	-986	-169	-159	-1,876	-229	511
Dividends	9	-	-	-3,163	-	-	-	-3,163	-	-
Redemption of shares	9	-	-	-12,474	-	-	-	-12,474	-	-
Other financing activities	9	-	-94	-94	-	-	-	-	-94	-
<b>Cash flow from financing activities</b>		<b>-986</b>	<b>-323</b>	<b>-18,164</b>	<b>-986</b>	<b>-169</b>	<b>-159</b>	<b>-17,513</b>	<b>-323</b>	<b>511</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-778</b>	<b>-1,313</b>	<b>-357</b>	<b>-778</b>	<b>328</b>	<b>285</b>	<b>343</b>	<b>-1,313</b>	<b>1,025</b>
Cash and cash equivalents at beginning of period		1,348	1,673	1,673	1,348	1,024	740	386	1,673	632
Exchange rate differences in cash and cash equivalents		23	26	32	23	-4	-1	11	26	16
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	6	<b>593</b>	<b>386</b>	<b>1,348</b>	<b>593</b>	<b>1,348</b>	<b>1,024</b>	<b>740</b>	<b>386</b>	<b>1,673</b>

# Numbers of customers

	Note	Numbers of customers			Net intake							
		2014 Mar 31	2013 Mar 31	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
by thousands												
<b>Sweden</b>												
Mobile		3,725	3,723	-13	-34	38	-13	-8	60	20	-34	-38
Fixed broadband	1	74	471	-6	-13	-19	-6	-7	-2	3	-13	-2
Fixed telephony	1	264	320	-9	-21	-68	-9	-16	-15	-16	-21	-113
		<b>4,063</b>	<b>4,514</b>	<b>-28</b>	<b>-68</b>	<b>-49</b>	<b>-28</b>	<b>-31</b>	<b>43</b>	<b>7</b>	<b>-68</b>	<b>-153</b>
<b>Netherlands</b>												
Mobile		741	535	47	57	224	47	62	56	49	57	55
Fixed broadband		368	407	-6	-14	-47	-6	-11	-12	-10	-14	-17
Fixed telephony		97	130	-10	-11	-34	-10	-7	-6	-10	-11	-8
		<b>1,206</b>	<b>1,072</b>	<b>31</b>	<b>32</b>	<b>143</b>	<b>31</b>	<b>44</b>	<b>38</b>	<b>29</b>	<b>32</b>	<b>30</b>
<b>Norway</b>												
Mobile		1,133	1,132	14	-4	20	14	-3	5	22	-4	15
Fixed telephony		60	77	-3	-4	-18	-3	-7	-3	-4	-4	-3
		<b>1,193</b>	<b>1,209</b>	<b>11</b>	<b>-8</b>	<b>2</b>	<b>11</b>	<b>-10</b>	<b>2</b>	<b>18</b>	<b>-8</b>	<b>12</b>
<b>Kazakhstan</b>												
Mobile		2,771	3,664	20	252	154	20	-393	-14	309	252	361
		<b>2,771</b>	<b>3,664</b>	<b>20</b>	<b>252</b>	<b>154</b>	<b>20</b>	<b>-393</b>	<b>-14</b>	<b>309</b>	<b>252</b>	<b>361</b>
<b>Croatia</b>												
Mobile		799	776	6	22	40	6	-45	50	13	22	-44
		<b>799</b>	<b>776</b>	<b>6</b>	<b>22</b>	<b>40</b>	<b>6</b>	<b>-45</b>	<b>50</b>	<b>13</b>	<b>22</b>	<b>-44</b>
<b>Lithuania</b>												
Mobile		1,869	1,795	18	12	81	18	-1	54	16	12	-5
		<b>1,869</b>	<b>1,795</b>	<b>18</b>	<b>12</b>	<b>81</b>	<b>18</b>	<b>-1</b>	<b>54</b>	<b>16</b>	<b>12</b>	<b>-5</b>
<b>Latvia</b>												
Mobile		992	1,040	-39	-3	-9	-39	-41	24	11	-3	1
		<b>992</b>	<b>1,040</b>	<b>-39</b>	<b>-3</b>	<b>-9</b>	<b>-39</b>	<b>-41</b>	<b>24</b>	<b>11</b>	<b>-3</b>	<b>1</b>
<b>Estonia</b>												
Mobile		498	505	-5	-1	-	-5	-8	7	2	-1	-14
Fixed telephony		5	5	1	-	-1	1	-	-	-1	-	-
		<b>503</b>	<b>510</b>	<b>-4</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>	<b>-8</b>	<b>7</b>	<b>1</b>	<b>-1</b>	<b>-14</b>
<b>Austria</b>												
Fixed broadband		115	124	-3	-3	-9	-3	-2	-2	-2	-3	-2
Fixed telephony		161	184	-6	-7	-24	-6	-6	-5	-6	-7	-5
		<b>276</b>	<b>308</b>	<b>-9</b>	<b>-10</b>	<b>-33</b>	<b>-9</b>	<b>-8</b>	<b>-7</b>	<b>-8</b>	<b>-10</b>	<b>-7</b>
<b>Germany</b>												
Mobile		196	122	20	12	66	20	20	21	13	12	13
Fixed broadband		68	78	-3	-4	-11	-3	-2	-2	-3	-4	-3
Fixed telephony		446	569	-20	-25	-128	-20	-17	-10	-76	-25	-73
		<b>710</b>	<b>769</b>	<b>-3</b>	<b>-17</b>	<b>-73</b>	<b>-3</b>	<b>1</b>	<b>9</b>	<b>-66</b>	<b>-17</b>	<b>-63</b>
<b>TOTAL</b>												
Mobile		12,724	13,292	68	313	614	68	-417	263	455	313	344
Fixed broadband	1	625	1,080	-18	-34	-86	-18	-22	-18	-12	-34	-24
Fixed telephony		1,033	1,285	-47	-68	-273	-47	-53	-39	-113	-68	-202
<b>TOTAL NUMBERS OF CUSTOMERS AND NET INTAKE</b>		<b>14,382</b>	<b>15,657</b>	<b>3</b>	<b>211</b>	<b>255</b>	<b>3</b>	<b>-492</b>	<b>206</b>	<b>330</b>	<b>211</b>	<b>118</b>
Divested operations	1			-385			-385					
Changed method of calculation	1			-	-	-937	-	-93	-	-844	-	-
<b>TOTAL NUMBERS OF CUSTOMERS AND NET CHANGE</b>		<b>14,382</b>	<b>15,657</b>	<b>-382</b>	<b>211</b>	<b>-682</b>	<b>-382</b>	<b>-585</b>	<b>206</b>	<b>-514</b>	<b>211</b>	<b>118</b>

# Net sales

SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>Sweden</b>										
Mobile	1	2,626	2,437	10,075	2,626	2,590	2,508	2,540	2,437	2,585
Fixed broadband	1, 10	180	383	1,411	180	345	334	349	383	351
Fixed telephony		181	232	841	181	188	203	218	232	261
Other operations		35	31	133	35	34	35	33	31	34
		<b>3,022</b>	<b>3,083</b>	<b>12,460</b>	<b>3,022</b>	<b>3,157</b>	<b>3,080</b>	<b>3,140</b>	<b>3,083</b>	<b>3,231</b>
<b>Netherlands</b>										
Mobile		435	355	1,682	435	447	463	417	355	288
Fixed broadband		626	685	2,632	626	651	646	650	685	731
Fixed telephony		117	143	551	117	131	135	142	143	158
Other operations		142	148	571	142	143	139	141	148	153
		<b>1,320</b>	<b>1,331</b>	<b>5,436</b>	<b>1,320</b>	<b>1,372</b>	<b>1,383</b>	<b>1,350</b>	<b>1,331</b>	<b>1,330</b>
<b>Norway</b>										
Mobile		908	982	3,874	908	929	974	989	982	1,153
Fixed telephony		51	70	252	51	56	59	67	70	76
Other operations		1	2	6	1	2	2	-	2	-
		<b>960</b>	<b>1,054</b>	<b>4,132</b>	<b>960</b>	<b>987</b>	<b>1,035</b>	<b>1,056</b>	<b>1,054</b>	<b>1,229</b>
<b>Kazakhstan</b>										
Mobile		294	289	1,344	294	365	357	333	289	294
		<b>294</b>	<b>289</b>	<b>1,344</b>	<b>294</b>	<b>365</b>	<b>357</b>	<b>333</b>	<b>289</b>	<b>294</b>
<b>Croatia</b>										
Mobile		299	296	1,397	299	396	372	333	296	360
		<b>299</b>	<b>296</b>	<b>1,397</b>	<b>299</b>	<b>396</b>	<b>372</b>	<b>333</b>	<b>296</b>	<b>360</b>
<b>Lithuania</b>										
Mobile		306	295	1,289	306	329	336	329	295	306
		<b>306</b>	<b>295</b>	<b>1,289</b>	<b>306</b>	<b>329</b>	<b>336</b>	<b>329</b>	<b>295</b>	<b>306</b>
<b>Latvia</b>										
Mobile		215	238	926	215	233	234	221	238	281
		<b>215</b>	<b>238</b>	<b>926</b>	<b>215</b>	<b>233</b>	<b>234</b>	<b>221</b>	<b>238</b>	<b>281</b>
<b>Estonia</b>										
Mobile		140	139	606	140	156	163	148	139	211
Fixed telephony		2	3	10	2	2	3	2	3	2
Other operations		12	14	58	12	14	16	14	14	15
		<b>154</b>	<b>156</b>	<b>674</b>	<b>154</b>	<b>172</b>	<b>182</b>	<b>164</b>	<b>156</b>	<b>228</b>
<b>Austria</b>										
Fixed broadband		193	202	811	193	203	204	202	202	216
Fixed telephony		42	50	190	42	47	46	47	50	55
Other operations		56	62	243	56	56	63	62	62	63
		<b>291</b>	<b>314</b>	<b>1,244</b>	<b>291</b>	<b>306</b>	<b>313</b>	<b>311</b>	<b>314</b>	<b>334</b>
<b>Germany</b>										
Mobile		104	66	321	104	99	82	74	66	60
Fixed broadband		43	45	171	43	40	43	43	45	48
Fixed telephony		82	103	375	82	87	88	97	103	117
		<b>229</b>	<b>214</b>	<b>867</b>	<b>229</b>	<b>226</b>	<b>213</b>	<b>214</b>	<b>214</b>	<b>225</b>
<b>Other</b>										
Other operations		28	39	152	28	37	40	36	39	68
		<b>28</b>	<b>39</b>	<b>152</b>	<b>28</b>	<b>37</b>	<b>40</b>	<b>36</b>	<b>39</b>	<b>68</b>
<b>TOTAL</b>										
Mobile		<b>5,327</b>	<b>5,097</b>	<b>21,514</b>	<b>5,327</b>	<b>5,544</b>	<b>5,489</b>	<b>5,384</b>	<b>5,097</b>	<b>5,538</b>
Fixed broadband	10	<b>1,042</b>	<b>1,315</b>	<b>5,025</b>	<b>1,042</b>	<b>1,239</b>	<b>1,227</b>	<b>1,244</b>	<b>1,315</b>	<b>1,346</b>
Fixed telephony		<b>475</b>	<b>601</b>	<b>2,219</b>	<b>475</b>	<b>511</b>	<b>534</b>	<b>573</b>	<b>601</b>	<b>669</b>
Other operations		<b>274</b>	<b>296</b>	<b>1,163</b>	<b>274</b>	<b>286</b>	<b>295</b>	<b>286</b>	<b>296</b>	<b>333</b>
		<b>7,118</b>	<b>7,309</b>	<b>29,921</b>	<b>7,118</b>	<b>7,580</b>	<b>7,545</b>	<b>7,487</b>	<b>7,309</b>	<b>7,886</b>
Internal sales, elimination		-10	-11	-50	-10	-12	-16	-11	-11	-13
<b>TOTAL</b>		<b>7,108</b>	<b>7,298</b>	<b>29,871</b>	<b>7,108</b>	<b>7,568</b>	<b>7,529</b>	<b>7,476</b>	<b>7,298</b>	<b>7,873</b>



# Internal sales

SEK million	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>Sweden</b>									
Mobile	1	3	7	1	1	2	1	3	2
	<b>1</b>	<b>3</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>2</b>
<b>Netherlands</b>									
Other operations	-	-	1	-	-	-	1	-	-
	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Norway</b>									
Fixed telephony	4	4	18	4	4	6	4	4	7
	<b>4</b>	<b>4</b>	<b>18</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>7</b>
<b>Lithuania</b>									
Mobile	2	2	9	2	2	2	3	2	2
	<b>2</b>	<b>2</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Latvia</b>									
Mobile	2	2	11	2	3	4	2	2	2
	<b>2</b>	<b>2</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Other</b>									
Other operations	1	-	4	1	2	2	-	-	-
	<b>1</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>									
Mobile	5	7	27	5	6	8	6	7	6
Fixed telephony	4	4	18	4	4	6	4	4	7
Other operations	1	-	5	1	2	2	1	-	-
<b>TOTAL</b>	<b>10</b>	<b>11</b>	<b>50</b>	<b>10</b>	<b>12</b>	<b>16</b>	<b>11</b>	<b>11</b>	<b>13</b>

# Mobile external net sales split

SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>Sweden, mobile</b>										
End user service revenue		1,716	1,662	6,950	1,716	1,775	1,767	1,746	1,662	1,716
Operator revenue	1	284	270	982	284	209	229	274	270	306
<i>Service revenue</i>		<i>2,000</i>	<i>1,932</i>	<i>7,932</i>	<i>2,000</i>	<i>1,984</i>	<i>1,996</i>	<i>2,020</i>	<i>1,932</i>	<i>2,022</i>
Equipment revenue		467	355	1,535	467	449	358	373	355	426
Other revenue		158	147	601	158	156	152	146	147	135
		<b>2,625</b>	<b>2,434</b>	<b>10,068</b>	<b>2,625</b>	<b>2,589</b>	<b>2,506</b>	<b>2,539</b>	<b>2,434</b>	<b>2,583</b>
<b>Netherlands, mobile</b>										
End user service revenue		273	197	944	273	261	259	227	197	158
Operator revenue		34	29	131	34	34	34	34	29	27
<i>Service revenue</i>		<i>307</i>	<i>226</i>	<i>1,075</i>	<i>307</i>	<i>295</i>	<i>293</i>	<i>261</i>	<i>226</i>	<i>185</i>
Equipment revenue		128	129	607	128	152	170	156	129	103
		<b>435</b>	<b>355</b>	<b>1,682</b>	<b>435</b>	<b>447</b>	<b>463</b>	<b>417</b>	<b>355</b>	<b>288</b>
<b>Norway, mobile</b>										
End user service revenue		696	775	3,028	696	718	761	774	775	771
Operator revenue		133	133	550	133	137	137	143	133	264
<i>Service revenue</i>		<i>829</i>	<i>908</i>	<i>3,578</i>	<i>829</i>	<i>855</i>	<i>898</i>	<i>917</i>	<i>908</i>	<i>1,035</i>
Equipment revenue		79	74	296	79	74	76	72	74	118
		<b>908</b>	<b>982</b>	<b>3,874</b>	<b>908</b>	<b>929</b>	<b>974</b>	<b>989</b>	<b>982</b>	<b>1,153</b>
<b>Kazakhstan, mobile</b>										
End user service revenue		216	195	909	216	251	240	223	195	189
Operator revenue		72	86	402	72	106	108	102	86	97
<i>Service revenue</i>		<i>288</i>	<i>281</i>	<i>1,311</i>	<i>288</i>	<i>357</i>	<i>348</i>	<i>325</i>	<i>281</i>	<i>286</i>
Equipment revenue		6	8	33	6	8	9	8	8	8
		<b>294</b>	<b>289</b>	<b>1,344</b>	<b>294</b>	<b>365</b>	<b>357</b>	<b>333</b>	<b>289</b>	<b>294</b>
<b>Croatia, mobile</b>										
End user service revenue		182	175	749	182	191	199	184	175	189
Operator revenue		54	61	298	54	71	91	75	61	90
<i>Service revenue</i>		<i>236</i>	<i>236</i>	<i>1,047</i>	<i>236</i>	<i>262</i>	<i>290</i>	<i>259</i>	<i>236</i>	<i>279</i>
Equipment revenue		63	60	350	63	134	82	74	60	81
		<b>299</b>	<b>296</b>	<b>1,397</b>	<b>299</b>	<b>396</b>	<b>372</b>	<b>333</b>	<b>296</b>	<b>360</b>
<b>Lithuania, mobile</b>										
End user service revenue		196	204	843	196	205	221	213	204	194
Operator revenue		40	41	145	40	37	35	32	41	45
<i>Service revenue</i>		<i>236</i>	<i>245</i>	<i>988</i>	<i>236</i>	<i>242</i>	<i>256</i>	<i>245</i>	<i>245</i>	<i>239</i>
Equipment revenue		68	48	292	68	85	78	81	48	65
		<b>304</b>	<b>293</b>	<b>1,280</b>	<b>304</b>	<b>327</b>	<b>334</b>	<b>326</b>	<b>293</b>	<b>304</b>
<b>Latvia, mobile</b>										
End user service revenue		128	128	533	128	130	139	136	128	156
Operator revenue		56	75	225	56	55	49	46	75	73
<i>Service revenue</i>		<i>184</i>	<i>203</i>	<i>758</i>	<i>184</i>	<i>185</i>	<i>188</i>	<i>182</i>	<i>203</i>	<i>229</i>
Equipment revenue		29	33	157	29	45	42	37	33	50
		<b>213</b>	<b>236</b>	<b>915</b>	<b>213</b>	<b>230</b>	<b>230</b>	<b>219</b>	<b>236</b>	<b>279</b>
<b>Estonia, mobile</b>										
End user service revenue		91	95	391	91	96	102	98	95	104
Operator revenue		15	15	65	15	16	18	16	15	61
<i>Service revenue</i>		<i>106</i>	<i>110</i>	<i>456</i>	<i>106</i>	<i>112</i>	<i>120</i>	<i>114</i>	<i>110</i>	<i>165</i>
Equipment revenue		34	29	150	34	44	43	34	29	46
		<b>140</b>	<b>139</b>	<b>606</b>	<b>140</b>	<b>156</b>	<b>163</b>	<b>148</b>	<b>139</b>	<b>211</b>
<b>Germany, mobile</b>										
End user service revenue		102	65	316	102	97	81	73	65	59
<i>Service revenue</i>		<i>102</i>	<i>65</i>	<i>316</i>	<i>102</i>	<i>97</i>	<i>81</i>	<i>73</i>	<i>65</i>	<i>59</i>
Equipment revenue		2	1	5	2	2	1	1	1	1
		<b>104</b>	<b>66</b>	<b>321</b>	<b>104</b>	<b>99</b>	<b>82</b>	<b>74</b>	<b>66</b>	<b>60</b>
<b>TOTAL, MOBILE</b>										
End user service revenue		3,600	3,496	14,663	3,600	3,724	3,769	3,674	3,496	3,536
Operator revenue		688	710	2,798	688	665	701	722	710	963
<i>Service revenue</i>		<i>4,288</i>	<i>4,206</i>	<i>17,461</i>	<i>4,288</i>	<i>4,389</i>	<i>4,470</i>	<i>4,396</i>	<i>4,206</i>	<i>4,499</i>
Equipment revenue		876	737	3,425	876	993	859	836	737	898
Other revenue		158	147	601	158	156	152	146	147	135
<b>TOTAL</b>		<b>5,322</b>	<b>5,090</b>	<b>21,487</b>	<b>5,322</b>	<b>5,538</b>	<b>5,481</b>	<b>5,378</b>	<b>5,090</b>	<b>5,532</b>

# EBITDA

SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>Sweden</b>										
Mobile	1-2	745	732	2,971	745	722	760	757	732	748
Fixed broadband	1, 2, 10	10	20	143	10	55	49	19	20	14
Fixed telephony	1-2	43	65	243	43	55	61	62	65	72
Other operations		27	17	91	27	26	30	18	17	25
		<b>825</b>	<b>834</b>	<b>3,448</b>	<b>825</b>	<b>858</b>	<b>900</b>	<b>856</b>	<b>834</b>	<b>859</b>
<b>Netherlands</b>										
Mobile		-36	-22	-20	-36	26	-22	-2	-22	-28
Fixed broadband		192	229	854	192	217	192	216	229	254
Fixed telephony		30	34	137	30	30	35	38	34	58
Other operations		71	76	280	71	69	66	69	76	77
		<b>257</b>	<b>317</b>	<b>1,251</b>	<b>257</b>	<b>342</b>	<b>271</b>	<b>321</b>	<b>317</b>	<b>361</b>
<b>Norway</b>										
Mobile	2	10	27	91	10	-20	49	35	27	-28
Fixed telephony		10	10	24	10	1	4	9	10	12
Other operations		2	2	6	2	2	2	-	2	-
		<b>22</b>	<b>39</b>	<b>121</b>	<b>22</b>	<b>-17</b>	<b>55</b>	<b>44</b>	<b>39</b>	<b>-16</b>
<b>Kazakhstan</b>										
Mobile		1	-45	-138	1	-7	-34	-52	-45	-83
		<b>1</b>	<b>-45</b>	<b>-138</b>	<b>1</b>	<b>-7</b>	<b>-34</b>	<b>-52</b>	<b>-45</b>	<b>-83</b>
<b>Croatia</b>										
Mobile		25	3	95	25	22	48	22	3	9
		<b>25</b>	<b>3</b>	<b>95</b>	<b>25</b>	<b>22</b>	<b>48</b>	<b>22</b>	<b>3</b>	<b>9</b>
<b>Lithuania</b>										
Mobile		108	117	461	108	102	109	133	117	87
		<b>108</b>	<b>117</b>	<b>461</b>	<b>108</b>	<b>102</b>	<b>109</b>	<b>133</b>	<b>117</b>	<b>87</b>
<b>Latvia</b>										
Mobile		62	79	292	62	72	72	69	79	89
		<b>62</b>	<b>79</b>	<b>292</b>	<b>62</b>	<b>72</b>	<b>72</b>	<b>69</b>	<b>79</b>	<b>89</b>
<b>Estonia</b>										
Mobile		33	35	124	33	28	33	28	35	45
Fixed telephony		1	-	4	1	1	1	2	-	-
Other operations		5	10	33	5	8	9	6	10	9
		<b>39</b>	<b>45</b>	<b>161</b>	<b>39</b>	<b>37</b>	<b>43</b>	<b>36</b>	<b>45</b>	<b>54</b>
<b>Austria</b>										
Fixed broadband		24	54	184	24	37	48	45	54	48
Fixed telephony		21	29	106	21	25	26	26	29	28
Other operations		4	6	18	4	3	3	6	6	2
		<b>49</b>	<b>89</b>	<b>308</b>	<b>49</b>	<b>65</b>	<b>77</b>	<b>77</b>	<b>89</b>	<b>78</b>
<b>Germany</b>										
Mobile		-7	2	-30	-7	-2	-25	-5	2	-6
Fixed broadband		7	4	13	7	4	2	3	4	5
Fixed telephony		34	45	155	34	30	41	39	45	42
		<b>34</b>	<b>51</b>	<b>138</b>	<b>34</b>	<b>32</b>	<b>18</b>	<b>37</b>	<b>51</b>	<b>41</b>
<b>Other</b>										
Other operations		-41	-41	-147	-41	-45	-36	-25	-41	-35
		<b>-41</b>	<b>-41</b>	<b>-147</b>	<b>-41</b>	<b>-45</b>	<b>-36</b>	<b>-25</b>	<b>-41</b>	<b>-35</b>
<b>TOTAL</b>										
Mobile		<b>941</b>	<b>928</b>	<b>3,846</b>	<b>941</b>	<b>943</b>	<b>990</b>	<b>985</b>	<b>928</b>	<b>833</b>
Fixed broadband	10	<b>233</b>	<b>307</b>	<b>1,194</b>	<b>233</b>	<b>313</b>	<b>291</b>	<b>283</b>	<b>307</b>	<b>321</b>
Fixed telephony		<b>139</b>	<b>183</b>	<b>669</b>	<b>139</b>	<b>142</b>	<b>168</b>	<b>176</b>	<b>183</b>	<b>212</b>
Other operations		<b>68</b>	<b>70</b>	<b>281</b>	<b>68</b>	<b>63</b>	<b>74</b>	<b>74</b>	<b>70</b>	<b>78</b>
<b>TOTAL</b>		<b>1,381</b>	<b>1,488</b>	<b>5,990</b>	<b>1,381</b>	<b>1,461</b>	<b>1,523</b>	<b>1,518</b>	<b>1,488</b>	<b>1,444</b>

# EBIT

SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>Sweden</b>										
Mobile	1-2	482	482	1,937	482	450	497	508	482	512
Fixed broadband	1, 2, 10	-14	-58	-134	-14	11	-28	-59	-58	-66
Fixed telephony	1-2	40	58	219	40	50	57	54	58	63
Other operations		17	4	41	17	17	14	6	4	14
		<b>525</b>	<b>486</b>	<b>2,063</b>	<b>525</b>	<b>528</b>	<b>540</b>	<b>509</b>	<b>486</b>	<b>523</b>
<b>Netherlands</b>										
Mobile		-45	-29	-52	-45	17	-29	-11	-29	-36
Fixed broadband		66	110	371	66	90	74	97	110	133
Fixed telephony		26	30	121	26	27	30	34	30	55
Other operations		53	59	210	53	50	49	52	59	60
		<b>100</b>	<b>170</b>	<b>650</b>	<b>100</b>	<b>184</b>	<b>124</b>	<b>172</b>	<b>170</b>	<b>212</b>
<b>Norway</b>										
Mobile	2	-116	-80	-372	-116	-144	-76	-72	-80	-137
Fixed telephony		9	9	21	9	1	3	8	9	10
Other operations		1	2	5	1	2	1	-	2	-
		<b>-106</b>	<b>-69</b>	<b>-346</b>	<b>-106</b>	<b>-141</b>	<b>-72</b>	<b>-64</b>	<b>-69</b>	<b>-127</b>
<b>Kazakhstan</b>										
Mobile	2	-50	-96	-450	-50	-155	-93	-106	-96	-135
		<b>-50</b>	<b>-96</b>	<b>-450</b>	<b>-50</b>	<b>-155</b>	<b>-93</b>	<b>-106</b>	<b>-96</b>	<b>-135</b>
<b>Croatia</b>										
Mobile		6	-25	-6	6	4	21	-6	-25	-20
		<b>6</b>	<b>-25</b>	<b>-6</b>	<b>6</b>	<b>4</b>	<b>21</b>	<b>-6</b>	<b>-25</b>	<b>-20</b>
<b>Lithuania</b>										
Mobile		90	87	342	90	73	80	102	87	42
		<b>90</b>	<b>87</b>	<b>342</b>	<b>90</b>	<b>73</b>	<b>80</b>	<b>102</b>	<b>87</b>	<b>42</b>
<b>Latvia</b>										
Mobile		37	41	188	37	55	49	43	41	45
		<b>37</b>	<b>41</b>	<b>188</b>	<b>37</b>	<b>55</b>	<b>49</b>	<b>43</b>	<b>41</b>	<b>45</b>
<b>Estonia</b>										
Mobile		6	13	32	6	6	8	5	13	5
Fixed telephony		-	-	3	-	-	2	1	-	-
Other operations		2	6	20	2	5	5	4	6	5
		<b>8</b>	<b>19</b>	<b>55</b>	<b>8</b>	<b>11</b>	<b>15</b>	<b>10</b>	<b>19</b>	<b>10</b>
<b>Austria</b>										
Fixed broadband		5	35	109	5	19	28	27	35	27
Fixed telephony		12	21	74	12	15	19	19	21	17
Other operations		-	1	-	-	-1	-1	1	1	-3
		<b>17</b>	<b>57</b>	<b>183</b>	<b>17</b>	<b>33</b>	<b>46</b>	<b>47</b>	<b>57</b>	<b>41</b>
<b>Germany</b>										
Mobile		-13	-3	-52	-13	-6	-32	-11	-3	-11
Fixed broadband		5	2	4	5	1	-	1	2	2
Fixed telephony		33	43	147	33	29	39	36	43	39
		<b>25</b>	<b>42</b>	<b>99</b>	<b>25</b>	<b>24</b>	<b>7</b>	<b>26</b>	<b>42</b>	<b>30</b>
<b>Other</b>										
Other operations		-40	-44	-152	-40	-41	-42	-25	-44	-42
		<b>-40</b>	<b>-44</b>	<b>-152</b>	<b>-40</b>	<b>-41</b>	<b>-42</b>	<b>-25</b>	<b>-44</b>	<b>-42</b>
<b>TOTAL</b>										
<b>Mobile</b>		<b>397</b>	<b>390</b>	<b>1,567</b>	<b>397</b>	<b>300</b>	<b>425</b>	<b>452</b>	<b>390</b>	<b>265</b>
<b>Fixed broadband</b>	10	<b>62</b>	<b>89</b>	<b>350</b>	<b>62</b>	<b>121</b>	<b>74</b>	<b>66</b>	<b>89</b>	<b>96</b>
<b>Fixed telephony</b>		<b>120</b>	<b>161</b>	<b>585</b>	<b>120</b>	<b>122</b>	<b>150</b>	<b>152</b>	<b>161</b>	<b>184</b>
<b>Other operations</b>		<b>33</b>	<b>28</b>	<b>124</b>	<b>33</b>	<b>32</b>	<b>26</b>	<b>38</b>	<b>28</b>	<b>34</b>
		<b>612</b>	<b>668</b>	<b>2,626</b>	<b>612</b>	<b>575</b>	<b>675</b>	<b>708</b>	<b>668</b>	<b>579</b>
One-off items	2	242	2	-434	242	11	-450	3	2	-3
<b>TOTAL</b>		<b>854</b>	<b>670</b>	<b>2,192</b>	<b>854</b>	<b>586</b>	<b>225</b>	<b>711</b>	<b>670</b>	<b>576</b>

# EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>EBITDA</b>		<b>1,381</b>	<b>1,488</b>	<b>5,990</b>	<b>1,381</b>	<b>1,461</b>	<b>1,523</b>	<b>1,518</b>	<b>1,488</b>	<b>1,444</b>
Impairment of goodwill and other assets	2	-	-	-457	-	-3	-454	-	-	1
Sale of operations	10	260	2	23	260	14	4	3	2	2
Other one-off items	2	-18	-	-	-18	-	-	-	-	-6
<b>Total one-off items</b>		<b>242</b>	<b>2</b>	<b>-434</b>	<b>242</b>	<b>11</b>	<b>-450</b>	<b>3</b>	<b>2</b>	<b>-3</b>
Depreciation/amortization and other impairment	2	-767	-813	-3,347	-767	-883	-845	-806	-813	-861
Result from shares in joint ventures and associated companies		-2	-7	-17	-2	-3	-3	-4	-7	-4
<b>EBIT</b>		<b>854</b>	<b>670</b>	<b>2,192</b>	<b>854</b>	<b>586</b>	<b>225</b>	<b>711</b>	<b>670</b>	<b>576</b>

# CAPEX

SEK million	Note	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
<b>Sweden</b>										
Mobile		85	185	766	85	226	144	211	185	271
Fixed broadband	10	13	52	165	13	35	42	36	52	46
Fixed telephony		2	1	7	2	1	3	2	1	1
Other operations		3	7	27	3	10	5	5	7	9
		<b>103</b>	<b>245</b>	<b>965</b>	<b>103</b>	<b>272</b>	<b>194</b>	<b>254</b>	<b>245</b>	<b>327</b>
<b>Netherlands</b>										
Mobile	7	137	1,371	1,648	137	232	30	15	1,371	22
Fixed broadband		111	67	379	111	154	82	76	67	70
Fixed telephony		2	3	8	2	2	1	2	3	7
Other operations		9	6	32	9	13	7	6	6	9
		<b>259</b>	<b>1,447</b>	<b>2,067</b>	<b>259</b>	<b>401</b>	<b>120</b>	<b>99</b>	<b>1,447</b>	<b>108</b>
<b>Norway</b>										
Mobile		249	141	740	249	193	257	149	141	141
Fixed telephony		5	2	30	5	15	8	5	2	-2
		<b>254</b>	<b>143</b>	<b>770</b>	<b>254</b>	<b>208</b>	<b>265</b>	<b>154</b>	<b>143</b>	<b>139</b>
<b>Kazakhstan</b>										
Mobile		66	87	464	66	118	120	139	87	230
		<b>66</b>	<b>87</b>	<b>464</b>	<b>66</b>	<b>118</b>	<b>120</b>	<b>139</b>	<b>87</b>	<b>230</b>
<b>Croatia</b>										
Mobile		9	4	62	9	29	12	17	4	26
		<b>9</b>	<b>4</b>	<b>62</b>	<b>9</b>	<b>29</b>	<b>12</b>	<b>17</b>	<b>4</b>	<b>26</b>
<b>Lithuania</b>										
Mobile		20	29	93	20	27	15	22	29	20
		<b>20</b>	<b>29</b>	<b>93</b>	<b>20</b>	<b>27</b>	<b>15</b>	<b>22</b>	<b>29</b>	<b>20</b>
<b>Latvia</b>										
Mobile		11	13	103	11	31	41	18	13	33
		<b>11</b>	<b>13</b>	<b>103</b>	<b>11</b>	<b>31</b>	<b>41</b>	<b>18</b>	<b>13</b>	<b>33</b>
<b>Estonia</b>										
Mobile	7	81	10	62	81	32	9	11	10	31
Other operations		-	-	3	-	1	1	1	-	5
		<b>81</b>	<b>10</b>	<b>65</b>	<b>81</b>	<b>33</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>36</b>
<b>Austria</b>										
Fixed broadband		7	6	38	7	10	13	9	6	18
Fixed telephony		6	6	29	6	6	10	7	6	8
Other operations		2	2	13	2	3	5	3	2	6
		<b>15</b>	<b>14</b>	<b>80</b>	<b>15</b>	<b>19</b>	<b>28</b>	<b>19</b>	<b>14</b>	<b>32</b>
<b>Germany</b>										
Mobile		6	7	19	6	1	5	6	7	9
Fixed broadband		-	-	3	-	1	-	2	-	1
Fixed telephony		-	-	2	-	-	2	-	-	-
		<b>6</b>	<b>7</b>	<b>24</b>	<b>6</b>	<b>2</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>10</b>
<b>Other</b>										
Other operations		139	124	476	139	115	111	126	124	119
		<b>139</b>	<b>124</b>	<b>476</b>	<b>139</b>	<b>115</b>	<b>111</b>	<b>126</b>	<b>124</b>	<b>119</b>
<b>TOTAL</b>										
Mobile		<b>664</b>	<b>1,847</b>	<b>3,957</b>	<b>664</b>	<b>889</b>	<b>633</b>	<b>588</b>	<b>1,847</b>	<b>783</b>
Fixed broadband	10	<b>131</b>	<b>125</b>	<b>585</b>	<b>131</b>	<b>200</b>	<b>137</b>	<b>123</b>	<b>125</b>	<b>135</b>
Fixed telephony		<b>15</b>	<b>12</b>	<b>76</b>	<b>15</b>	<b>24</b>	<b>24</b>	<b>16</b>	<b>12</b>	<b>14</b>
Other operations		<b>153</b>	<b>139</b>	<b>551</b>	<b>153</b>	<b>142</b>	<b>129</b>	<b>141</b>	<b>139</b>	<b>148</b>
<b>TOTAL</b>	<b>7</b>	<b>963</b>	<b>2,123</b>	<b>5,169</b>	<b>963</b>	<b>1,255</b>	<b>923</b>	<b>868</b>	<b>2,123</b>	<b>1,080</b>

# Key ratios

SEK million	2014 Jan 1–Mar 31	2013 Jan 1–Mar 31	2013	2012	2011	2010
<b>CONTINUING OPERATIONS</b>						
Net sales	7,108	7,298	29,871	30,742	29,538	30,443
Numbers of customers (by thousands)	14,382	15,657	14,764	15,446	13,550	12,445
EBITDA	1,381	1,488	5,990	6,240	6,760	7,083
EBIT	854	670	2,192	1,975	3,497	4,257
EBT	712	553	1,578	1,422	2,960	3,855
Net profit	475	353	655	976	2,056	4,121
<b>Key ratios</b>						
EBITDA margin, %	19.4	20.4	20.1	20.3	22.9	23.7
EBIT margin, %	12.0	9.2	7.3	6.4	11.8	14.0
<b>Value per share (SEK)</b>						
Net profit	1.07	0.79	1.47	2.20	4.63	9.34
Net profit after dilution	1.06	0.79	1.45	2.18	4.60	9.30
<b>TOTAL</b>						
Equity	21,969	20,825	21,591	20,429	21,452	28,875
Equity after dilution	21,969	20,825	21,591	20,429	21,455	28,894
Total assets	37,788	48,307	39,855	49,189	46,864	42,085
Cash flow from operating activities	507	1,575	5,813	8,679	9,690	9,966
Cash flow after CAPEX	–555	–886	572	4,070	4,118	6,008
Available liquidity	8,521	11,057	9,306	12,933	9,986	13,254
Net debt	7,691	16,471	8,007	15,745	13,518	3,417
Investments in intangible and tangible assets, CAPEX	963	2,488	5,534	5,294	6,095	4,094
Investments in shares, current investments etc	–763	104	–17,235	215	1,563	1,424
<b>Key ratios</b>						
Equity/assets ratio, %	58	43	54	42	46	69
Debt/equity ratio, multiple	0.35	0.79	0.37	0.77	0.63	0.12
Return on equity, %	8.7	19.6	69.5	15.6	18.9	24.0
Return on equity after dilution, %	8.7	19.6	69.5	15.6	18.9	24.0
ROCE, return on capital employed, %	11.4	16.8	48.0	15.4	20.5	22.2
Average interest rate, %	5.2	6.6	5.2	6.7	6.2	7.3
<b>Value per share (SEK)</b>						
Net profit	1.07	2.27	32.77	7.34	10.69	15.67
Net profit after dilution	1.06	2.25	32.55	7.30	10.63	15.61
Equity	49.31	46.83	48.49	45.95	48.33	65.44
Equity after dilution	48.99	46.53	48.17	45.68	48.09	65.23
Cash flow from operating activities	1.14	3.54	13.06	19.53	21.83	22.59
Dividend, ordinary	–	–	4.40 <sup>1)</sup>	7.10	6.50	6.00
Extraordinary dividend	–	–	–	–	6.50	21.00
Redemption	–	–	28.00	–	–	–
Market price at closing day	80.30	113.40	72.85	117.10	133.90	139.60

<sup>1)</sup> Proposed dividend

# Parent company

## INCOME STATEMENT

SEK million	2014 Jan 1-Mar 31	2013 Jan 1-Mar 31	2013 Full year
Net sales	11	10	47
Administrative expenses	-38	-30	-95
<b>Operating loss, EBIT</b>	<b>-27</b>	<b>-20</b>	<b>-48</b>
Dividend from group company	-	-	9,900
Exchange rate difference on financial items	-33	77	134
Net interest expenses and other financial items	-59	-54	-216
<b>Profit/loss after financial items, EBT</b>	<b>-119</b>	<b>3</b>	<b>9,770</b>
Appropriations, group contribution	-	-	265
Tax on profit/loss	26	4	-23
<b>NET PROFIT/LOSS</b>	<b>-93</b>	<b>7</b>	<b>10,012</b>

## BALANCE SHEET

SEK million	Note	Mar 31, 2014	Dec 31, 2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Financial assets		13,593	13,586
<b>NON-CURRENT ASSETS</b>		<b>13,593</b>	<b>13,586</b>
<b>CURRENT ASSETS</b>			
Current receivables		11,069	11,933
Cash and cash equivalents		2	-
<b>CURRENT ASSETS</b>		<b>11,071</b>	<b>11,933</b>
<b>ASSETS</b>		<b>24,664</b>	<b>25,519</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Restricted equity	9	5,546	5,546
Unrestricted equity	9	13,012	13,126
<b>EQUITY</b>		<b>18,558</b>	<b>18,672</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	3	4,270	5,308
<b>NON-CURRENT LIABILITIES</b>		<b>4,270</b>	<b>5,308</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	3	1,737	1,452
Non-interest-bearing liabilities		99	87
<b>CURRENT LIABILITIES</b>		<b>1,836</b>	<b>1,539</b>
<b>EQUITY AND LIABILITIES</b>		<b>24,664</b>	<b>25,519</b>



# Notes

## ACCOUNTING PRINCIPLES AND DEFINITIONS

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

The new and amended IFRS standards and IFRIC interpretations (IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28, IAS 32 and IAS 39), which became effective January 1, 2014, have had no material effect on the consolidated financial statements.

In all other respects, Tele2 has presented this interim report in accordance with the accounting principles and calculation methods used in the 2013 Annual Report. The description of these principles and definitions is found in the 2013 Annual Report.

## NOTE 1 NET SALES AND CUSTOMERS

### NET SALES

In Q1 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 2.

### CUSTOMERS

In Q1 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. For additional information please refer to Note 10.

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

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

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

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

## NOTE 2 OPERATING EXPENSES

### EBITDA

In Q1 2014, the EBITDA in Sweden was positively impacted by SEK 8 million as a result of decisions by PTS, as stated in Note 1, 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 Q4 2013, EBITDA in Norway was negatively affected by SEK 35 million due to employee restructuring costs.

## DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q4 2013, Kazakhstan was negatively affected by SEK 89 million, related to an impairment loss of SEK 73 million due to change to a new billing system and an extra depreciation of SEK 16 million.

In Q3 2013, an impairment loss on non-current assets was recognized in Croatia amounting to SEK 454 million. The impairment loss was based on an estimated value in use of SEK 400 million by using pre-tax discount rate of 10 percent. Due to unsatisfactory development, Tele2 assessed that the estimated future profit levels did not support the previous book value. The negative effect was reported as a one-off item for segment reporting purposes.

### ONE-OFF ITEMS

In Q1 2014, other operating expenses was negatively affected by SEK 18 million, related to the devaluation in Kazakhstan. The negative effect has been reported as a one-off item for segment reporting purposes. The total foreign exchange rate effect of assets and liabilities in Kazakhstan was reported in other comprehensive income and amounted in Q1 2014 to SEK -117 million.

## NOTE 3 FINANCIAL ASSETS AND LIABILITIES

### FINANCING

SEK million	Interest-bearing liabilities			
	Mar 31, 2014		Dec 31, 2013	
	Current	Non-current	Current	Non-current
Bonds NOK, Sweden	325	1,078	-	1,371
Bonds SEK, Sweden	1,250	2,545	1,000	3,295
Commercial papers, Sweden	-	-	325	-
Financial institutions	94	613	210	636
Put option, Kazakhstan	1,172	-	1,350	-
Other liabilities	326	950	263	980
<b>Total interest-bearing liabilities</b>	<b>3,167</b>	<b>5,186</b>	<b>3,148</b>	<b>6,282</b>

### CLASSIFICATION AND FAIR VALUES

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers and cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds and accounts payables. Classification of financial assets and liabilities including their fair value is presented below. During the first three months 2014, compared to year-end 2013, 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.

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 March 31, 2014 amounted on the asset side to SEK 13 (8) million and on the liabilities side to SEK 183 (146) million.

SEK million	Mar 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	
					value	Fair value
Other financial assets	14	195	-	-	209	209
Accounts receivables	-	2,701	-	-	2,701	2,701
Other current receivables	-	350	13	-	363	363
Current investments	-	43	-	-	43	43
Cash and cash equivalents	-	593	-	-	593	593
<b>Total financial assets</b>	<b>14</b>	<b>3,882</b>	<b>13</b>	<b>-</b>	<b>3,909</b>	<b>3,909</b>
Liabilities to financial institutions and similar liabilities	-	-	-	5,905	5,905	6,146
Other interest-bearing liabilities	1,172	-	183	369	1,724	1,716
Accounts payable	-	-	-	2,613	2,613	2,613
Other current liabilities	-	-	-	420	420	420
<b>Total financial liabilities</b>	<b>1,172</b>	<b>-</b>	<b>183</b>	<b>9,307</b>	<b>10,662</b>	<b>10,895</b>

SEK million	Dec 31, 2013					Total reported value	Fair value
	Assets and liabilities at fair value through profit/loss	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost			
Other financial assets	14	233	–	–	–	247	247
Accounts receivables	–	3,317	–	–	–	3,317	3,317
Other current receivables	–	313	8	–	–	321	321
Current investments	–	55	–	–	–	55	55
Cash and cash equivalents	–	1,348	–	–	–	1,348	1,348
<b>Total financial assets</b>	<b>14</b>	<b>5,266</b>	<b>8</b>	<b>–</b>	<b>–</b>	<b>5,288</b>	<b>5,288</b>
Liabilities to financial institutions and similar liabilities	–	–	–	6,837	–	6,837	7,021
Other interest-bearing liabilities	1,350	–	146	418	–	1,914	1,889
Accounts payable	–	–	–	3,140	–	3,140	3,140
Other current liabilities	–	–	–	516	–	516	516
<b>Total financial liabilities</b>	<b>1,350</b>	<b>–</b>	<b>146</b>	<b>10,911</b>	<b>–</b>	<b>12,407</b>	<b>12,566</b>

#### NOTE 4 OTHER FINANCIAL ITEMS

SEK million	2014 Q1	2013 Q1	2013 Full year
Exchange rate differences	–22	52	–68
Change in fair value, put option Kazakhstan	–35	–40	–166
EUR net investment hedge, interest component	3	4	19
Other financial expenses	1	–3	–8
<b>Total other financial items</b>	<b>–53</b>	<b>13</b>	<b>–223</b>

#### NOTE 5 TAXES

For Q1 2014, the effective tax rate was mainly affected by below stated items, indicating an underlying effective tax rate of 24 (18) percent.

SEK million	2014 Q1		2013 Q1		2013 Full year	
<b>Profit before tax</b>	<b>712</b>		<b>553</b>		<b>1,578</b>	
Income tax	–237	33.3%	–200	36.2%	–923	58.5%
<b>Tax effect of:</b>						
Sale of operations	–102	14.3%	–	–	–	–
Result from JV and associated companies	1	–0.1%	1	–0.2%	4	–0.3%
Non-deductible expenses	63	–8.8%	74	–13.4%	265	–16.8%
Not valued tax loss-carry forwards	73	–10.3%	43	–7.8%	196	–12.4%
Adjustment of taxes from previous years	31	–4.4%	–15	2.7%	5	–0.3%
<b>Adjusted tax expense and effective tax rate</b>	<b>–171</b>	<b>24.0%</b>	<b>–97</b>	<b>17.5%</b>	<b>–453</b>	<b>28.7%</b>

In Q4 2013, net taxes were positively affected by a valuation of deferred tax assets in Austria of SEK 10 million.

In Q4 2013, the tax expenses were negatively affected by SEK 13 million due to decreased tax rate in Norway from January 1, 2014.

#### NOTE 6 RELATED PARTIES

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

SEK million	2014 Mar 31	2013 Dec 31	2013 Sep 30	2013 Jun 30	2013 Mar 31	2012 Dec 31
Cash and cash equivalents in joint operations	42	11	70	40	34	65

In Q4 2012 and during 2013 and in Q1 2014, frequencies and sites were transferred from Tele2 and Telenor to their joint operation Net4Mobility. The transfers did not have any material effect on Tele2's financial statements. Apart from transactions with joint operations, no other significant related party transactions were carried out during 2014. Related parties are presented in Note 38 of the Annual Report 2013.

#### NOTE 7 CAPEX

In Q1 2014, Tele2 Estonia acquired two mobile licenses in the 800 MHz and 2100 MHz frequency bands for SEK 54 million.

In Q1 2013, Tele2 Netherlands acquired two mobile licenses (2x10 MHz spectrum) in the 800 MHz band for SEK 1,391 million. With the acquired spectrum in the 800 MHz band and earlier obtained spectrum in the 2600 MHz band, the roll out is ongoing for the next generation 4G network, offering businesses and consumers higher speed and lower pricing for mobile broadband.

SEK million	2014 Q1	2013 Q1	2013 Full year
CAPEX, continued operations	–963	–2,123	–5,169
CAPEX, discontinued operations	–	–365	–365
This year's unpaid CAPEX and paid CAPEX from previous year	–111	–30	186
Received payment of sold non-current assets	12	57	107
<b>Paid CAPEX</b>	<b>–1,062</b>	<b>–2,461</b>	<b>–5,241</b>

#### NOTE 8 CONTINGENT LIABILITIES

SEK million	Mar 31, 2014	Dec 31, 2013
Disputes	–	220
Asset dismantling obligation	127	126
<b>Total contingent liabilities</b>	<b>127</b>	<b>346</b>

On December 31, 2013 Tele2 Sweden was defendant in a dispute with Verizon Sweden AB of SEK 220 million. On February 7, 2014 the District court issued its award and ruled in favor of Tele2. The opponent has appealed the judgement. Tele2 assesses the likelihood of the opponent to win the case as remote.

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

The tax authorities in Russia are currently performing tax audits on several of Tele2's former subsidiaries in Russia. Per the sales agreement with the VTB-group Tele2 is liable for any additional taxes payable as result of the tax audits. 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 provision has been made.

Additional contractual commitments are stated in Note 29 in the Annual Report 2013.

## NOTE 9 EQUITY AND NUMBER OF SHARES

	Mar 31, 2014	Dec 31, 2013
<b>Number of shares</b>		
Outstanding	445,497,600	445,497,600
In own custody	3,285,739	3,285,739
Weighted average	445,497,600	445,228,097
After dilution	448,359,756	448,465,420
Weighted average, after dilution	448,412,587	448,181,516

### DIVIDEND/REDEMPTION

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

In Q2 2013, Tele2 paid to its shareholders a dividend of SEK 7.10 per share for 2012. This corresponded to a total of SEK 3,163 million. As a result of the sale of Tele2 Russia in April 2013 a mandatory share redemption program of SEK 28 per share was issued during Q2 2013, equivalent to SEK 12,474 million. The redemption program implied a share split where each share was split into two shares, of which one was a redemption share. Retirement of redemption shares in own custody of SEK 92 million was transferred to unrestricted equity. A bonus issue was performed in order to increase the share capital to its prior level, SEK 561 million, through a transfer of SEK 280 million from unrestricted equity. Thereafter, the quota value of each share amounts to SEK 1.25, the same as prior to the share redemption program. In total SEK 15,637 million was paid to the shareholders in Q2 2013 as dividend and redemption.

### RECLASSIFICATION

On April 3, 2014, 150,000 class C shares in own custody were reclassified into class B shares in own custody.

In Q1 2014 and Q3 2013, 406 (15) and 726,650 class A shares respectively were reclassified into class B shares in Tele2.

### SALE OF SHARES

As a result of share rights in the LTI 2010 being exercised during Q2 2013, Tele2 delivered 836,389 B-shares in own custody.

### PURCHASE OF NON-CONTROLLING INTEREST

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

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

### LONG-TERM INCENTIVE PROGRAM (LTI)

Additional information related to LTI programs are presented in Note 34 of the Annual Report 2013.

#### LTI 2013

	2014 Jan 1-Mar 31	Cumulative from start
Number of share rights		
Allocated June 4, 2013		1,204,128
Outstanding as of January 1, 2014	1,132,228	
Forfeited	-64,000	-135,900
<b>Total outstanding share rights</b>	<b>1,068,228</b>	<b>1,068,228</b>

#### LTI 2012

	2014 Jan 1-Mar 31	Cumulative from start
Number of share rights		
Allocated June 15, 2012		1,132,186
Outstanding as of January 1, 2014	968,263	
Allocated, compensation for dividend	-	239,191
Cancelled, Russia	-	-163,660
Forfeited	-33,351	-272,805
<b>Total outstanding share rights</b>	<b>934,912</b>	<b>934,912</b>

#### LTI 2011

	2014 Jan 1-Mar 31	Cumulative from start
Number of share rights		
Allocated June 17, 2011		1,056,436
Outstanding as of January 1, 2014	867,329	
Allocated, compensation for dividend	-	294,579
Cancelled, Russia	-	-92,041
Exercised, Russia	-	-44,156
Forfeited	-8,313	-355,802
<b>Total outstanding share rights</b>	<b>859,016</b>	<b>859,016</b>

The exercise of the share rights in LTI 2011 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2011 until March 31, 2014. The outcome of these performance conditions was in accordance with below and the outstanding share rights will be exchanged for shares in Tele2 during Q2 2014.

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	9.7%	100%
Series B	Average normalised Return on Capital Employed (ROCE) <sup>1)</sup>	20%/8%	24%/12.5%	20.5%/7.2%	20%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	-5.6%	0%

<sup>1)</sup>The targets are split into two parts; before and after the divestment of Tele2 Russia

## NOTE 10 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

	2014 Jan 1-Mar 31
SEK million	
<b>Acquisitions</b>	
Capital contribution to joint ventures	-4
<b>Total acquisition of shares and participations</b>	<b>-4</b>
<b>Divestments</b>	
Residential cable and fiber operations, Sweden	757
Transaction costs, Russia	-4
<b>Total sale of shares and participations</b>	<b>753</b>
<b>TOTAL CASH FLOW EFFECT</b>	<b>749</b>

### DIVESTMENTS

#### 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 in Q1 2014 amounted to SEK 257 million. In 2013, the operation affected Tele2's net sales by SEK 564 million and EBITDA by SEK -9 million.

#### Net assets at the time of divestment

Assets, liabilities and contingent liabilities included in the divested operations at the time of divestment are stated below:

	2014 Jan 1-Mar 31
SEK million	
Goodwill	9
Other intangible assets	2
Tangible assets	440
Current receivables	10
Deferred tax liabilities	-18
Current non-interest-bearing liabilities	-35
<b>Divested net assets</b>	<b>408</b>
Capital gain	257
Tax income	18
<b>Sales price, net sales costs</b>	<b>683</b>
Unpaid sales costs etc	74
<b>EFFECT ON GROUP CASH ASSETS</b>	<b>757</b>

### DISCONTINUED OPERATIONS

Discontinued operations in 2013 refer to the sale of Tele2 Russia.

