

FULL YEAR AND FOURTH QUARTER 2015 REPORT

TELE2

Q4 2015 HIGHLIGHTS

- Continued mobile-end user service revenue growth
- Another solid mobile-end user service revenue quarter for Sweden, consumer postpaid up 5%
- Sweden EBITDA up 8 percent
- Baltics data monetization continues
- Netherlands 4G network launch
- JV with Kazakhtelecom announced
- Board of Directors recommend a dividend for 2015 amounting to SEK 5.35, an increase of 10 percent. See p. 5
- The 2016 financial Guidance for the Group is provided on p. 5

Net sales Q4 2015

6,943

SEK million

EBITDA Q4 2015

1,337

SEK million

Key Financial Data

SEK million	Q4			FY		
	2015	2014	%	2015	2014	%
Net sales	6,943	6,876	+1	26,856	25,955	+3
Net sales, FX adjusted	6,943	6,796	+2	26,856	26,343	+2
Mobile end-user service revenue	3,282	3,205	+2	13,212	12,455	+6
Mobile end-user service revenue, FX adjusted	3,282	3,133	+5	13,212	12,612	+5
EBITDA	1,337	1,412	-5	5,757	5,926	-3
EBITDA, FX adjusted	1,337	1,410	-5	5,757	5,996	-4
EBIT	364	735	-50	2,447	3,490	-30
EBIT excluding one-off items (Note 3)	602	704	-14	2,890	3,216	-10
Net profit	45	494	-91	1,268	2,626	-52
Earnings per share, after dilution (SEK)	0.10	1.10	-91	2.82	5.86	-52

The figures presented in this report refer to Q4 2015 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2014.

Significant events after the quarter:

- Lars Nordmark appointed new Executive Vice President and CFO and Member of Tele2 AB's Leadership Team effective as of April 18th.
- Samuel Skott appointed Executive Vice President and CEO Tele2 Sweden and member of Tele2 AB's Leadership Team as of April 18th, succeeding Thomas Ekman.
- Malin Holmberg appointed Executive Vice President and CEO Tele2 Netherlands & Croatia as of April 1st, succeeding Jeff Dodds.
- Tele2 announces that it has received the necessary regulatory approvals for a JV with Kazakhtelecom.
- Tele2 AB today announces that Tele2 Sverige AB has entered into a Working Capital facility of up to SEK 1.7 billion with a relationship bank.

CEO word, Q4 2015

The fourth quarter marked the end of a very eventful year, and further evidence of our challenger spirit in our pursuit to be the champion of customer value in mobile connectivity. We launched our nationwide 4G only network, the world's first, in the Netherlands as well as completed the agreement to combine our mobile business with Kazakhtelecom's.

Mobile end-user service revenue showed good progress, up 2 percent year on year (5 percent on a constant currency basis). Group EBITDA declined 5 percent, as anticipated, as a result of our accelerated launch in the Netherlands and devaluation in Kazakhstan.

In Sweden, leveraging our dual brand strategy and Tele2.O, we have changed industry practices profoundly in terms of offering flexibility, transparency and simplicity (alongside providing a great network experience). We see loyal customers reflected in lower churn, lower SAC, hence EBITDA growth of 8 percent. Our customer focused strategy resulted in us winning both no. 1 and no. 2 awards for most satisfied customers in Swedish telecoms in the Swedish Quality Index award.

We continue to see the Baltic region delivering on the back of this year's extensive 4G network roll-out. Demand for data services surged coupled with our competitive pricing and higher smartphone sales favorably impacting revenue and driving mobile end-user service revenue up by 8 percent in Lithuania, and 10 percent in Estonia.

In mid-November we officially launched Tele2's 4G network in the Netherlands having achieved 95 percent outdoor population coverage. We are offering Dutch consumers a high quality, high speed 4G user experience and new 4G data centric subscriptions in both the B2B and B2C markets at competitive price levels. Increased competition pre-Christmas, especially at the low-end sim-only segment resulted in a lower level of net intake than expected. To be clear however our priority is to attract 4G data hungry customers to our brand. Brand awareness and consideration has improved since launch, serving us well in rebuilding the brand in the Dutch market going forward. We will continue to invest significantly in this business in 2016 as we further establish ourselves as the preeminent challenger in the Netherlands.

In Kazakhstan, we have added 1.1 million mobile customers this year, with positive intake in the quarter, despite intensified competition, enabling another quarter of double digit mobile end-user service revenue growth (excluding FX). Exchange rate effects due to the significant devaluation of the Kazakh Tenge have impacted our SEK

“Looking forward and with our new leadership team in place, we remain single mindedly focused on further data monetization across our footprint.”



reported progress. We are delighted to announce that all regulatory approvals have now been received and we are on track to close the transaction with Kazakhtelecom in the current quarter. This joint venture creates a more sustainable and significant player in the market whilst de-risking our investment.

The Challenger program is showing good progress with a number of new initiatives being executed and we are on track to achieve the SEK 1 bn in benefits that we set out to deliver by 2018. Our Shared Operations organization expanded in both Chennai, India and Riga, Latvia, in the quarter.

This morning I announced some changes in my leadership team as we embark on the next stage of our data monetization journey. We are delighted to have recruited a new telco experienced Group CFO and have new CEOs in Sweden and Netherlands, both promoted from within the Tele2 talent pool. I would like to take a moment to thank both Thomas and Jeff for their many valuable contributions to Tele2 over the years and wish them my very best wishes in their future adventures.

Looking forward and with our new leadership team in place, we remain single mindedly focused on further data monetization across our footprint. Rolling out and commercialising the benefits of 4G, most markedly in the Netherlands will impact overall progress for the Group in 2016. Our guidance reflects this important investment which will deliver long term value for our business, our employees and our shareholders.

Allison Kirkby,
President and CEO

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 mobile EBITDA, although off-set by the impact of our MNO launch in the Netherlands. In addition to investing in mobile, the Group will concentrate on maximizing the return from fixed-line services.

Net customer intake amounted to -176,000 (-11,000) in Q4 2015. The customer net intake in mobile services amounted to -110,000 (50,000), mainly from declines in Croatia due to seasonally high churn of summer tourist prepaid sims as well as an adjustment of the customer base as a result of introducing a new IT system (Note 2) and from the Baltics. Most importantly, mobile net intake developed positively in Sweden, Netherlands and Kazakhstan. The fixed broadband customer base decreased by -11,000 (-10,000) in Q4 2015, primarily attributable to Tele2's operations in the Netherlands and in Sweden. As expected, the number of fixed telephony customers fell in Q4 2015 by -55,000 (-51,000). On December 31, 2015 the total customer base amounted to 14,414,000 (13,594,000).

Net sales in Q4 2015 amounted to SEK 6,943 (6,876) million. The net sales development was mainly a result of strong usage of mobile data services, leading to a mobile end-user service revenue growth of 2 percent (5 percent FX adjusted), positively affected by SEK 90 million in the Netherlands mainly due to a tax settlement related to VAT (Note 2). Net sales was also positively impacted by strong equipment sales in the Netherlands, Croatia and in Lithuania. This positive development was hampered by negative net sales development within consumer fixed telephony and fixed broadband.

EBITDA in Q4 2015 amounted to SEK 1,337 (1,412) million, equivalent to an EBITDA margin of 19 (21) percent. EBITDA was positively impacted by the VAT settlement in the Netherlands according to above but negatively impacted by declines in our fixed operations, the commercial launch of our 4G services in the Netherlands and the devaluation of the Kazakh currency.

EBIT in Q4 2015 amounted to SEK 602 (704) million excluding one-off items and SEK 364 (735) million including one-off items. EBIT was affected by one-off items totaling SEK -238 (31) million which mainly consists of transaction related expenses from the planned combination of the Tele2 and Kazakhtelecom mobile operations in Kazakhstan amounting to SEK 118 million and restructuring costs of SEK 133 million related to the Challenger program (Note 3).

Profit before tax in Q4 2015 amounted to SEK 228 (695) million partly explained by the revaluation of the Kazakhstan put option due to the devaluation of the Kazakhstan currency which affected financial items with SEK -51 (68) million (Note 5).

Net profit in Q4 2015 amounted to SEK 45 (494) million. Reported tax for Q4 2015 amounted to SEK -183 (-201) million. Tax payment affecting cash flow amounted to SEK -62 (-93) million during the quarter. Deferred tax assets amounted to SEK 2.0 billion at the end of the year.

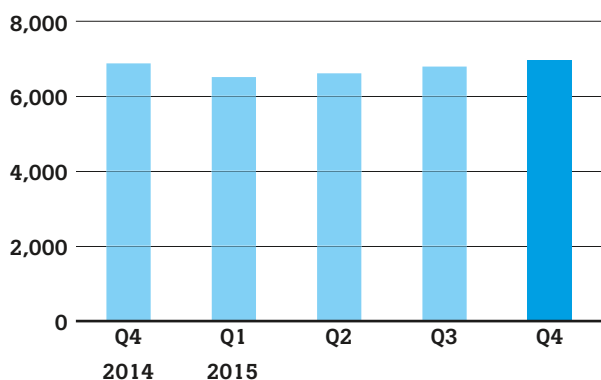
Free cash flow in Q4 2015 amounted to SEK -291 (238) million mainly affected by the increase in working capital SEK -194 (-58) million.

CAPEX in Q4 2015 amounted to SEK 1,223 (1,030) million, driven principally by increased investments in mobile networks in Netherlands, Sweden, Kazakhstan and Croatia.

Net debt amounted to SEK 9,878 (8,135) million on December 31, 2015, or 1.72 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 7,890 (8,224) million. See Note 4 for further information on financial debt.

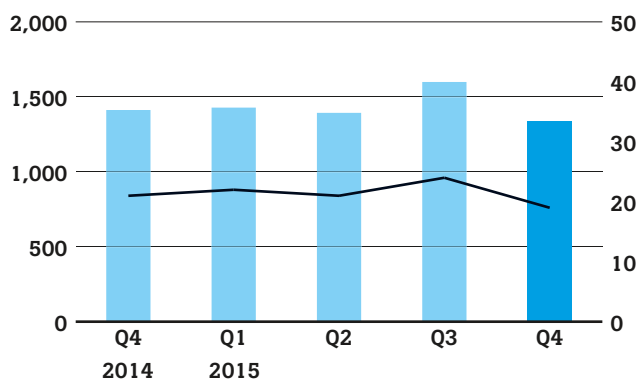
Net sales

SEK million



EBITDA/EBITDA margin

SEK million/Percent

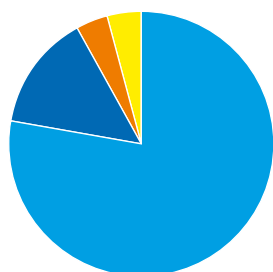


FINANCIAL SUMMARY

SEK million	Q4 2015	Q4 2014	FY 2015	FY 2014
Mobile				
Net customer intake (thousands)	-110	50	1,104	598
Net sales	5,403	5,168	20,446	19,075
EBITDA	972	1,017	4,247	4,174
EBIT ¹⁾	454	538	2,241	2,405
CAPEX	864	754	3,024	2,365
Fixed broadband				
Net customer intake (thousands)	-11	-10	-57	-45
Net sales	960	1,051	3,956	4,171
EBITDA	175	224	788	919
EBIT ¹⁾	9	55	102	218
CAPEX	222	138	636	504
Fixed telephony				
Net customer intake (thousands)	-55	-51	-199	-156
Net sales	296	367	1,281	1,565
EBITDA	119	126	432	572
EBIT ¹⁾	106	106	374	491
CAPEX	9	16	35	46
Total				
Net customer intake (thousands)	-176	-11	848	397
Net sales	6,943	6,876	26,856	25,955
EBITDA	1,337	1,412	5,757	5,926
EBIT excluding one-off items (Note 3)	602	704	2,890	3,216
EBIT	364	735	2,447	3,490
CAPEX	1,223	1,030	4,227	3,450
EBT	228	695	2,012	3,500
Net profit	45	494	1,268	2,626
Cash flow from operating activities, continuing operations	783	1,317	3,481	4,661
Cash flow from operating activities	782	1,322	3,529	4,578
Free cash flow, continuing operations	-290	273	-519	1,162
Free cash flow	-291	238	-486	432

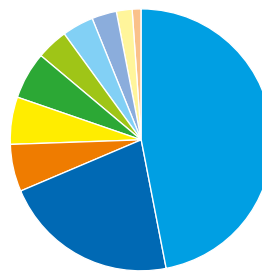
¹⁾ Excluding one-off items (Note 3)

Net sales per service area, Q4 2015



Mobile	78%	Fixed telephony	4%
Fixed broadband	14%	Other	4%

Net sales per country, Q4 2015



Sweden	48%	Austria	4%
Netherlands	22%	Latvia	4%
Kazakhstan	6%	Germany	3%
Croatia	6%	Estonia	2%
Lithuania	6%	Other	1%

Financial guidance

Tele2 AB gives the following guidance for 2016 for continuing operations in constant currencies:

- Mobile end-user service revenue growth of mid-single digits.
- Net revenue of between SEK 26 and 27 billion.
- EBITDA of between SEK 4.6 and 5.0 billion.
- CAPEX level of between SEK 3.7 and 4.1 billion.

The Challenger Program

A group-wide program focused on increasing productivity was launched in 2015. The program will build over three years and is expected to reap full benefits of SEK 1 billion per annum starting in 2018. The investment required will be SEK 1 billion, phased over three years. All program investments are, and will be, reported as one-off items, affecting EBIT. For more details, see Note 3.

Dividend Policy 2015–2017

In January 2015 Tele2 adopted a progressive dividend policy which aims to deliver 10 percent growth per annum in the following three year period.

Authorization to pay extraordinary dividends will be sought when the company has excess capital.

Pursuant to the approval received at the 2015 AGM, Tele2 has the authorization to repurchase up to 10 percent of its share capital.

Balance sheet

Tele2 believes the financial leverage should reflect the status of its operations, future strategic opportunities and obligations. It should also be in line with both the industry and the markets in which it operates. This would imply a target net debt to EBITDA ratio of 1.5–2.0x over the medium term. As communicated we will be above this range during the period of investments in the Netherlands.

Overview by country

FX-adjusted figures

Net sales less exchange rate fluctuations

SEK million	2015 Q4	2014 Q4*	Growth	2015 YTD	2014 YTD*	Growth
Sweden	3,299	3,373	-2%	12,630	12,629	0%
Netherlands	1,512	1,440	5%	5,744	5,594	3%
Kazakhstan	383	284	35%	1,754	1,380	27%
Croatia	416	377	10%	1,429	1,434	0%
Lithuania	401	357	12%	1,519	1,403	8%
Latvia	246	237	4%	939	933	1%
Estonia	168	154	9%	675	652	4%
Austria	289	312	-7%	1,188	1,243	-4%
Germany	193	230	-16%	831	942	-12%
Other	36	32	13%	147	133	11%
Continued operations	6,943	6,796	2%	26,856	26,343	2%
FX effects		80	-1%		-388	2%
Total	6,943	6,876	1%	26,856	25,955	3%

* Adjusted for fluctuations in exchange rates

EBITDA less exchange rate fluctuations

SEK million	2015 Q4	2014 Q4*	Growth	2015 YTD	2014 YTD*	Growth
Sweden	946	880	8%	3,844	3,612	6%
Netherlands	35	172	-80%	445	929	-52%
Kazakhstan	-5	14	-136%	54	44	23%
Croatia	29	39	-26%	138	174	-21%
Lithuania	138	128	8%	538	520	3%
Latvia	78	82	-5%	295	302	-2%
Estonia	41	56	-27%	156	178	-12%
Austria	49	63	-22%	203	238	-15%
Germany	60	31	94%	165	135	22%
Other	-34	-55	38%	-81	-136	40%
Continued operations	1,337	1,410	-5%	5,757	5,996	-4%
FX effects		2	0%		-70	1%
Total	1,337	1,412	-5%	5,757	5,926	-3%

* Adjusted for fluctuations in exchange rates

Sweden

Total net sales in Q4 2015 was SEK 3,299 (3,373) million, and EBITDA amounted to SEK 946 (880) million. The strong EBITDA result this quarter contributes to 2015 being the highest EBITDA year on record.

Customer net intake in the quarter was good and driven by the Comviq mobile postpaid segment. Mobile end-user service revenue was slightly negative, but flat year on year excluding non-recurring items regarding prepaid subscription mainly related to VAT, with a positive development within the consumer postpaid segment.

Within the overall business segment, revenue decreased slightly, mainly due to a decline in the fixed operations. On mobile B2B, large enterprise showed positive customer net intake while fierce competition is impacting the SME segment negatively.

In the quarter, Tele2 continued to expand its 2G and 4G mobile network coverage and reached slightly above the year-end target of 85 percent, allowing our customers wherever they are to have an excellent mobile experience. Four additional Tele2 stores were opened and sales in digital channels continued to increase. Customer satisfaction in customer service is maintained on a high level with CSAT (Customer Satisfaction) at 82 percent (world class benchmark is 85 percent) and during the quarter Comviq and Tele2 was awarded no. 1 and no. 2 for most satisfied customers in Swedish telecoms in the Swedish Quality Index award.

Mobile In Q4 2015, customer net intake was 27,000 (-58,000) customers. Net sales amounted to SEK 2,953 (2,998) million. Mobile end-user service revenue amounted to SEK 1,841 (1,856) million. EBITDA grew with 6 percent and amounted to SEK 841 (792) million. Our dual brand strategy with the aim of positioning our brands in different segments of the market combined with smart pricing is driving positive customer net intake, stable ASPU levels on our quality consumer brand and a positive EBITDA development.

Fixed broadband Customer net intake showed improvement in the quarter compared to a year ago but is still negative. Net sales decreased with 4 percent and amounted to SEK 179 (187) million. EBITDA contribution in the consumer and business segment remained stable in the quarter and amounted to SEK 17 (16) million.

Fixed telephony Tele2 saw a continued decrease in demand for fixed telephony as a consequence ongoing shift to mobile telephony. The EBITDA contribution in the quarter amounted to SEK 56 (44) million, affected positively by a non-recurring item related to a settlement regarding roaming charges.

Netherlands

Mobile Midway through the quarter Tele2 introduced its new disruptive 4G-subscriptions which resulted in a customer net intake of 3,000 (22,000) customers. While gross intake showed positive progress, increased competition in the low-end sim-only market resulted in lower net intake than expected. Net sales amounted to SEK 747 (567) million.

Mobile end-user service revenue, which was positively affected by SEK 90 million mainly due to a tax settlement related to VAT on non-used multi-purpose postpaid bundles (Note 2), amounted to SEK 403 (301) million.

EBITDA which amounted to SEK -150 (-78) million was, as expected impacted by the costs associated with launch. During the quarter, data traffic on Tele2's own network surpassed MVNO traffic for the first time.

A significant B2B mobile contract was completed in the quarter with the recycling company Van Ganswinkel.

Fixed broadband Customer net intake was -4,000 (1,000) customers. EBITDA contribution amounted to SEK 116 (169) million. In December the first pilots with VULA high speed broadband services commenced.

Kazakhstan

Mobile Customer net intake in the quarter was 38,000 (205,000) customers. Net sales amounted to SEK 383 (382) million. Mobile end-user service revenue decreased by 10 percent, impacted by the currency devaluation, and amounted to SEK 253 (280) million. Excluding FX, mobile end-user service revenue grew 25 percent as a result of the increased customer base compared to a year ago. Mobile data traffic continued to grow, and focus going forward will be on improving monetization of data traffic alongside integrating our mobile business with that of Kazakhtelecom's.

EBITDA amounted to SEK –5 (17) million, negatively impacted primarily by FX losses of SEK –25 million whereas underlying was affected by geographical coverage expansion, increased capacity for accommodation of higher traffic volumes and competitive pressure in the market. EBITDA adjusted for above exchange rate effects, amounted in Q4 2015 to SEK 20 million.

In December 2015, the government announced technological neutrality and issued additional spectrum for LTE in 800MHz and 1800MHz band. The government has reserved three equal spectrum lots at a fixed price.

Croatia

Mobile Customer net intake amounted to –100,000 (–54,000) customers, negatively impacted by an adjustment of reported numbers of active customers related to migration to a new IT system and seasonally high churn of summer tourist prepaid sims (Note 2). Net Sales increased by 12 percent and amounted to SEK 416 (372) million due to high equipment sales from a highly successful Christmas promotion. Mobile end-user service revenue was in line with last year and amounted to SEK 207 (205) million.

EBITDA in the quarter was SEK 29 (39) million, negatively affected by the previously implemented frequency charges.

During the quarter the company focused on the final stages of its network upgrade, which has been completed in a record time of nine months. Population coverage has now reached 99 percent voice services, 97 percent 3G data services, and 98 percent of high-ways with 3G data and voice services. Tele2 continued its network investments to prepare for launch of the 4G network, expected to be launched in the next quarter.

Lithuania

Mobile Customer net intake in the quarter was –37,000 (–40,000) customers. Net sales amounted to SEK 401 (355) million with higher mobile-end user service revenue and handset sales contributing positively. Mobile end-user service revenue grew with 8 percent compared to last year and amounted to SEK 224 (207) million thanks to increased data usage and demand for additional services. EBITDA grew 8 percent and amounted to SEK 138 (128) million. EBITDA margin was 34 (36) percent, affected by increased sales of low margin handsets.

During the quarter, the company began offering handset leasing financing for its residential customers together with a third party. Furthermore, the company was the first to test triple carrier LTE Advanced peaking with up to 300 Mbps speed.

Latvia

Mobile Customer net intake in the quarter was in line with last year and amounted to –27,000 (–28,000). Net sales grew 4 percent compared to last year, driven by strong demand for mobile data shifting sales towards higher data buckets, and new handsets. In the

quarter, net sales development was also supported by solid customer intake in the B2B segment. Mobile end-user service revenue amounted to SEK 146 (144) million. EBITDA contribution was SEK 78 (82) million translating into an EBITDA margin of 32 (35) percent.

The company continues to focus on strengthening its market position through a clear mobile data position and during the quarter a new value oriented postpaid proposition was successfully launched.

With high importance to business continuity, Tele2 received all relevant permits to prolong for the next 10 years the most important frequency resources.

Estonia

Mobile In the quarter, net customer intake was –2,000 (–6,000) customers. Net sales was SEK 155 (142) million, increasing by 9 percent. Mobile end-user service revenue grew 10 percent and amounted to SEK 106 (96) million, mainly driven by a strong demand for data services. Mobile EBITDA amounted to SEK 37 (49) million. Excluding last year's capital gain of SEK 20 million related to the mobile license sale, EBITDA increased by 28 percent compared to the same period a year ago.

Tele2 implemented triple carrier aggregation LTE Advanced and achieved download speeds above 300 Mbps which resulted in improved quality index scores and continuous high customer satisfaction.

During the quarter, Tele2 was awarded the best telecom service provider in all categories in terms of service and sales quality by the market research company TNS receiving top results in the overall rating.

Austria

In the quarter, the company continued the focus on new intake on the fixed business segment while managing the declining residential consumer base, resulting in customer net intake of –5,000 (–6,000) customers. Net sales amounted to SEK 289 (311) million and EBITDA amounted to SEK 49 (62) million, negatively impacted by incremental costs associated with the mobile launch.

During the quarter, Tele2 launched its MVNO service for B2B customers in Austria to complement its fixed B2B service portfolio.

Germany

Customer net intake continued to decline in line with expectations and net sales amounted to SEK 193 (229) million. With a focus on profitability and cash contribution, and consistent with our Group strategy, various cost saving initiatives and efficiency improvements under the Challenger program is ongoing and during the quarter the downsizing of the local organization was finalized. As a result EBITDA increased by 94 percent compared to the same quarter last year and amounted to SEK 60 (31) million with an EBITDA margin of 31 (14) percent.

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 the availability of frequencies and telecom licenses, new technology and integration of new business models, large scale cyber-attacks, data protection, operations in Kazakhstan, strategic change management, mobile network & service delivery interruptions, dependency on suppliers and business partners, Sweden dependency, geopolitical risks, and financial risks such as currency risk, interest risk, liquidity risk and credit risk. Please refer to Tele2's annual report for 2014 (Directors' report and Note 2) for a detailed description of Tele2's risk exposure and risk management.

Company disclosure

Tele2 AB (publ) Annual General Meeting 2016

The 2016 Annual General Meeting will be held on May 24, 2016 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@tele2.com or to legal counsel Pontus Ericson, Tele2 AB (publ), P.O. Box 62, SE 164 94 Kista, Sweden, at least seven weeks before the Annual General Meeting for the proposal to be included in the notice to the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

Nomination committee for the 2016 Annual General meeting

In accordance with the resolution of the 2015 Annual General Meeting, Mike Parton, Chairman of the Board of Directors, has convened a Nomination Committee consisting of members appointed by the largest shareholders in Tele2 AB (publ) ("Tele2") in terms of voting interest.

The Nomination Committee comprises Mike Parton as Chairman of the Board of Directors; Lorenzo Grabau appointed by Investment AB Kinnevik; Mathias Leijon appointed by Nordea Funds; Jonas Eixmann appointed by Andra AP-fonden; and Hans Ek appointed by SEB Investment Management.

The four shareholder-appointed members of the Nomination Committee have been appointed by shareholders that jointly represent approximately 56 percent of the total votes in Tele2. The members of the Nomination Committee will appoint its Chairman at the Nomination Committee's first meeting.

Information about the work of the Nomination Committee can be found on Tele2's corporate website at www.tele2.com. Shareholders wishing to propose candidates for election to the Board of Directors of Tele2 should submit their proposal in writing to agm@tele2.com or to legal counsel Pontus Ericson, Tele2 AB (publ), P.O. Box 62, SE 164 94 Kista, Sweden.

Other

The annual report 2015 is expected to be released on March 23, 2016 and will be available on www.Tele2.com.

Tele2 will release its financial and operating results for the period ending March 31, 2016 on April 21, 2016.

Stockholm, January 28, 2016
Tele2 AB

Mike Parton
Chairman

Lorenzo Grabau

Irina Hemmers

Erik Mittereger

Carla Smits-Nusteling

Eamonn Ohare

Allison Kirkby
President and CEO

Auditors' review report

Introduction

We have reviewed the interim report for Tele2 AB (publ.) for the period January 1 – December 31, 2015. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a

level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

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

Stockholm, January 28, 2016
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Q4 2015 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 Thursday, January 28, 2016. The presentation will be held in English and also made available as a webcast on Tele2's website: 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 (0)8 5033 6539

UK: +44 (0)20 3427 1919

US: +1212 444 0481

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APPENDICES

Income statement

Comprehensive income

Balance sheet

Cash flow statement

Change in equity

Numbers of customers

Net sales

Mobile external net sales split

EBITDA

EBIT

CAPEX

Five-year summary

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 9 countries. Tele2 offers mobile services, fixed broadband and fixed telephony, data network services, and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2015, net sales amounted to SEK 27 billion and EBITDA of SEK 5.8 billion.

Income statement

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2014 Q4
CONTINUING OPERATIONS					
Net sales	2	26,856	25,955	6,943	6,876
Cost of services provided	3	-16,653	-15,054	-4,358	-4,111
Gross profit		10,203	10,901	2,585	2,765
Selling expenses	3	-5,094	-5,298	-1,308	-1,363
Administrative expenses	3	-2,917	-2,518	-935	-728
Result from shares in joint ventures and associated companies	11	-5	-14	-	-5
Other operating income	3	401	647	64	116
Other operating expenses	3	-141	-228	-42	-50
Operating profit, EBIT		2,447	3,490	364	735
Interest income/costs	4	-376	-378	-101	-95
Other financial items	5	-59	388	-35	55
Profit after financial items, EBT		2,012	3,500	228	695
Income tax	6	-744	-874	-183	-201
NET PROFIT FROM CONTINUING OPERATIONS		1,268	2,626	45	494
DISCONTINUED OPERATIONS					
Net profit/loss from discontinued operations	11	1,718	-415	-	-85
NET PROFIT		2,986	2,211	45	409
ATTRIBUTABLE TO					
Equity holders of the parent company		2,986	2,211	45	409
Earnings per share (SEK)	10	6.69	4.96	0.10	0.92
Earnings per share, after dilution (SEK)	10	6.65	4.93	0.10	0.91
FROM CONTINUING OPERATIONS					
ATTRIBUTABLE TO					
Equity holders of the parent company		1,268	2,626	45	494
Earnings per share (SEK)	10	2.84	5.89	0.10	1.11
Earnings per share, after dilution (SEK)	10	2.82	5.86	0.10	1.10

Comprehensive income

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2014 Q4
NET PROFIT		2,986	2,211	45	409
OTHER COMPREHENSIVE INCOME					
COMPONENTS NOT TO BE RECLASSIFIED TO NET PROFIT					
Pensions, actuarial gains/losses		38	-82	31	-15
Pensions, actuarial gains/losses, tax effect		-9	18	-8	3
Components not to be reclassified to net profit		29	-64	23	-12
COMPONENTS THAT MAY BE RECLASSIFIED TO NET PROFIT					
Exchange rate differences					
Translation differences in foreign operations	3, 5	-1,420	1,137	-810	549
Tax effect on above		305	-179	257	-49
Reversed cumulative translation differences from divested companies	11	19	-3	1	-
<i>Translation differences</i>		<i>-1,096</i>	<i>955</i>	<i>-552</i>	<i>500</i>
Hedge of net investments in foreign operations		-49	4	96	193
Tax effect on above		11	-1	-21	-43
Reversed cumulative hedge from divested companies	11	-107	-	-	-
<i>Hedge of net investments</i>		<i>-145</i>	<i>3</i>	<i>75</i>	<i>150</i>
Exchange rate differences		-1,241	958	-477	650
Cash flow hedges					
Loss arising on changes in fair value of hedging instruments		-40	-172	-	-38
Reclassified cumulative loss to income statement		83	61	22	17
Tax effect on cash flow hedges		-10	25	-5	6
Cash flow hedges		33	-86	17	-15
Components that may be reclassified to net profit		-1,208	872	-460	635
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		-1,179	808	-437	623
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,807	3,019	-392	1,032
ATTRIBUTABLE TO					
Equity holders of the parent company		1,807	3,019	-392	1,032

Balance sheet

SEK million	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Goodwill		8,661	9,503
Other intangible assets		4,437	4,913
Intangible assets		13,098	14,416
Tangible assets		11,592	11,138
Financial assets	4	1,463	1,659
Deferred tax assets	6	1,964	2,062
NON-CURRENT ASSETS		28,117	29,275
CURRENT ASSETS			
Inventories		692	500
Current receivables		7,201	6,051
Current investments		32	38
Cash and cash equivalents	7	107	151
CURRENT ASSETS		8,032	6,740
ASSETS CLASSIFIED AS HELD FOR SALE	11	–	3,833
ASSETS		36,149	39,848
EQUITY AND LIABILITIES			
EQUITY			
Attributable to equity holders of the parent company		17,901	22,680
Non-controlling interests		–	2
EQUITY	10	17,901	22,682
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	4	5,619	5,353
Non-interest-bearing liabilities	6	697	358
NON-CURRENT LIABILITIES		6,316	5,711
CURRENT LIABILITIES			
Interest-bearing liabilities	4	5,372	3,837
Non-interest-bearing liabilities		6,560	6,869
CURRENT LIABILITIES		11,932	10,706
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	11	–	749
EQUITY AND LIABILITIES		36,149	39,848

Cash flow statement

(Total operations)

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
OPERATING ACTIVITIES									
Operating profit from continuing operations		2,447	3,490	364	788	593	702	735	1,004
Operating profit/loss from discontinued operations		1,702	-388	-	-	1	1,701	-72	-98
Operating profit		4,149	3,102	364	788	594	2,403	663	906
Adjustments for non-cash items in operating profit		1,271	2,909	736	778	734	-977	773	812
Financial items paid/received	5	-470	-246	-62	-129	-76	-203	37	-120
Taxes paid		-349	-327	-62	-68	-104	-115	-93	-63
Cash flow from operations before changes in working capital		4,601	5,438	976	1,369	1,148	1,108	1,380	1,535
Changes in working capital		-1,072	-860	-194	-255	-404	-219	-58	-92
CASH FLOW FROM OPERATING ACTIVITIES		3,529	4,578	782	1,114	744	889	1,322	1,443
INVESTING ACTIVITIES									
CAPEX paid	8	-4,015	-4,146	-1,073	-945	-1,012	-985	-1,084	-968
Free cash flow		-486	432	-291	169	-268	-96	238	475
Acquisition and sale of shares and participations	3, 11	4,893	674	-	7	-5	4,891	-18	-18
Other financial assets		-28	-235	-29	-	1	-	-252	-
Cash flow from investing activities		850	-3,707	-1,102	-938	-1,016	3,906	-1,354	-986
CASH FLOW AFTER INVESTING ACTIVITIES		4,379	871	-320	176	-272	4,795	-32	457
FINANCING ACTIVITIES									
Change of loans, net	4	2,276	-200	228	-257	4,303	-1,998	-308	-546
Dividends	10	-6,626	-1,960	-	-	-6,626	-	-	-
Other financing activities	10	-2	-	-	-	-2	-	-	-
Cash flow from financing activities		-4,352	-2,160	228	-257	-2,325	-1,998	-308	-546
NET CHANGE IN CASH AND CASH EQUIVALENTS		27	-1,289	-92	-81	-2,597	2,797	-340	-89
Cash and cash equivalents at beginning of period		151	1,348	204	309	2,886	151	418	526
Exchange rate differences in cash and cash equivalents		-71	92	-5	-24	20	-62	73	-19
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	107	151	107	204	309	2,886	151	418

Change in equity

SEK million	Note	Dec 31, 2015			Dec 31, 2014		
		Attributable to		Total equity	Attributable to		Total equity
		equity holders of the parent company	non-controlling interests		equity holders of the parent company	non-controlling interests	
Equity, January 1		22,680	2	22,682	21,589	2	21,591
Net profit for the year		2,986	-	2,986	2,211	-	2,211
Other comprehensive income for the year, net of tax		-1,179	-	-1,179	808	-	808
Total comprehensive income for the year		1,807	-	1,807	3,019	-	3,019
OTHER CHANGES IN EQUITY							
Share-based payments	10	40	-	40	29	-	29
Share-based payments, tax effect	10	-	-	-	3	-	3
New share issues	10	3	-	3	-	-	-
Repurchase of own shares	10	-3	-	-3	-	-	-
Dividends	10	-6,626	-	-6,626	-1,960	-	-1,960
Sale of non-controlling interests		-	-2	-2	-	-	-
EQUITY, END OF THE YEAR		17,901	-	17,901	22,680	2	22,682

Number of customers

by thousands	Note	Number of customers		Net intake							
		2015 Dec 31	2014 Dec 31	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Sweden											
Mobile		3,741	3,687	120	-51	27	84	52	-43	-58	28
Fixed broadband		70	57	-15	-23	-3	-2	-5	-5	-7	-4
Fixed telephony		196	232	-46	-41	-13	-12	-11	-10	-11	-9
		4,007	3,976	59	-115	11	70	36	-58	-76	15
Netherlands											
Mobile		844	813	31	119	3	-	7	21	22	23
Fixed broadband		344	369	-25	-5	-4	-7	-5	-9	1	1
Fixed telephony		55	75	-20	-32	-4	-5	-5	-6	-10	-5
		1,243	1,257	-14	82	-5	-12	-3	6	13	19
Kazakhstan											
Mobile		4,400	3,297	1,103	546	38	166	471	428	205	108
		4,400	3,297	1,103	546	38	166	471	428	205	108
Croatia											
Mobile		785	823	-38	30	-100	67	19	-24	-54	33
		785	823	-38	30	-100	67	19	-24	-54	33
Lithuania											
Mobile		1,742	1,810	-68	-41	-37	16	-	-47	-40	-15
		1,742	1,810	-68	-41	-37	16	-	-47	-40	-15
Latvia											
Mobile		958	975	-17	-56	-27	11	10	-11	-28	10
		958	975	-17	-56	-27	11	10	-11	-28	10
Estonia											
Mobile		484	488	-4	-15	-2	2	-	-4	-6	2
Fixed telephony		3	3	-	-1	-	-	-	-	-	-1
		487	491	-4	-16	-2	2	-	-4	-6	1
Austria											
Fixed broadband		102	108	-6	-10	-2	-2	-1	-1	-2	-4
Fixed telephony		131	148	-17	-19	-3	-3	-4	-7	-4	-4
		233	256	-23	-29	-5	-5	-5	-8	-6	-8
Germany											
Mobile		219	242	-23	66	-12	-13	4	-2	9	19
Fixed broadband		53	64	-11	-7	-2	-2	-2	-5	-2	-1
Fixed telephony		287	403	-116	-63	-35	-51	10	-40	-26	-15
		559	709	-150	-4	-49	-66	12	-47	-19	3
TOTAL											
Mobile		13,173	12,135	1,104	598	-110	333	563	318	50	208
Fixed broadband		569	598	-57	-45	-11	-13	-13	-20	-10	-8
Fixed telephony		672	861	-199	-156	-55	-71	-10	-63	-51	-34
TOTAL NUMBER OF CUSTOMERS AND NET INTAKE		14,414	13,594	848	397	-176	249	540	235	-11	166
Divested companies	2			-	-385	-	-	-	-	-	-
Changed method of calculation	2			-28	-	-	-	-28	-	-	-
TOTAL NUMBER OF CUSTOMERS AND NET CHANGE		14,414	13,594	820	12	-176	249	512	235	-11	166

Net sales

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Sweden									
Mobile	2	11,228	11,113	2,953	2,764	2,744	2,767	3,006	2,755
Fixed broadband		715	728	179	172	176	188	187	176
Fixed telephony		541	660	125	131	139	146	153	158
Other operations		147	140	42	33	42	30	35	36
		12,631	12,641	3,299	3,100	3,101	3,131	3,381	3,125
Netherlands									
Mobile	2	2,535	1,957	747	643	592	553	567	497
Fixed broadband		2,326	2,496	557	576	578	615	626	627
Fixed telephony		333	421	75	82	84	92	97	104
Other operations		552	567	134	139	137	142	143	141
		5,746	5,441	1,513	1,440	1,391	1,402	1,433	1,369
Kazakhstan									
Mobile		1,754	1,334	383	497	475	399	382	349
		1,754	1,334	383	497	475	399	382	349
Croatia									
Mobile		1,429	1,390	416	377	333	303	372	390
		1,429	1,390	416	377	333	303	372	390
Lithuania									
Mobile	2	1,539	1,375	405	417	381	336	358	379
		1,539	1,375	405	417	381	336	358	379
Latvia									
Mobile		948	916	248	250	232	218	238	237
		948	916	248	250	232	218	238	237
Estonia									
Mobile		608	582	155	159	152	142	142	152
Fixed telephony		7	7	2	2	2	1	2	1
Other operations		62	45	11	12	11	28	10	12
		677	634	168	173	165	171	154	165
Austria									
Fixed broadband		775	783	192	196	192	195	199	196
Fixed telephony		146	165	35	36	36	39	41	41
Other operations		267	261	62	70	69	66	71	71
		1,188	1,209	289	302	297	300	311	308
Germany									
Mobile		437	440	102	109	112	114	116	112
Fixed broadband		140	164	32	35	34	39	39	41
Fixed telephony		254	312	59	61	63	71	74	79
		831	916	193	205	209	224	229	232
Other									
Other operations		153	135	37	40	40	36	33	36
		153	135	37	40	40	36	33	36
TOTAL									
Mobile		20,478	19,107	5,409	5,216	5,021	4,832	5,181	4,871
Fixed broadband		3,956	4,171	960	979	980	1,037	1,051	1,040
Fixed telephony		1,281	1,565	296	312	324	349	367	383
Other operations		1,181	1,148	286	294	299	302	292	296
		26,896	25,991	6,951	6,801	6,624	6,520	6,891	6,590
Internal sales, elimination									
Sweden, mobile		-40	-36	-8	-10	-13	-9	-15	-6
Lithuania, mobile		-1	-12	-	-	-	-1	-8	-1
Latvia, mobile		-20	-11	-4	-5	-8	-3	-3	-4
Estonia, mobile		-9	-9	-2	-3	-2	-2	-2	-2
Netherlands, other operations		-2	-	-	-	-1	-1	-	-
Other, other operations		-2	-2	-1	-	-1	-	-1	-
Other, other operations		-6	-2	-1	-2	-1	-2	-1	1
TOTAL		26,856	25,955	6,943	6,791	6,611	6,511	6,876	6,584

Mobile external net sales split

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Sweden, mobile									
End-user service revenue		7,368	7,252	1,841	1,889	1,829	1,809	1,856	1,865
Operator revenue		956	955	245	246	254	211	225	222
Service revenue		8,324	8,207	2,086	2,135	2,083	2,020	2,081	2,087
Equipment revenue	2	2,272	2,258	706	482	500	584	759	505
Other revenue		631	636	161	147	161	162	158	162
		11,227	11,101	2,953	2,764	2,744	2,766	2,998	2,754
Netherlands, mobile									
End-user service revenue	2	1,404	1,203	403	364	332	305	301	321
Operator revenue		169	149	42	44	43	40	38	38
Service revenue		1,573	1,352	445	408	375	345	339	359
Equipment revenue		962	605	302	235	217	208	228	138
		2,535	1,957	747	643	592	553	567	497
Kazakhstan, mobile									
End-user service revenue		1,287	978	253	348	371	315	280	257
Operator revenue		451	338	127	145	99	80	98	88
Service revenue		1,738	1,316	380	493	470	395	378	345
Equipment revenue		16	18	3	4	5	4	4	4
		1,754	1,334	383	497	475	399	382	349
Croatia, mobile									
End-user service revenue		839	803	207	225	210	197	205	220
Operator revenue		208	274	36	74	55	43	66	88
Service revenue		1,047	1,077	243	299	265	240	271	308
Equipment revenue		382	313	173	78	68	63	101	82
		1,429	1,390	416	377	333	303	372	390
Lithuania, mobile									
End-user service revenue	2	886	847	224	230	222	210	207	231
Operator revenue		198	183	50	51	51	46	50	49
Service revenue		1,084	1,030	274	281	273	256	257	280
Equipment revenue		435	334	127	131	100	77	98	95
		1,519	1,364	401	412	373	333	355	375
Latvia, mobile									
End-user service revenue		580	551	146	152	145	137	144	145
Operator revenue		185	203	47	46	46	46	46	46
Service revenue		765	754	193	198	191	183	190	191
Equipment revenue		174	153	53	49	39	33	46	44
		939	907	246	247	230	216	236	235
Estonia, mobile									
End-user service revenue		412	382	106	106	103	97	96	98
Operator revenue		70	64	17	18	18	17	13	19
Service revenue		482	446	123	124	121	114	109	117
Equipment revenue		124	136	32	35	30	27	33	35
		606	582	155	159	151	141	142	152
Germany, mobile									
End-user service revenue		436	439	102	108	112	114	116	115
Equipment revenue		1	1	-	1	-	-	-	-3
		437	440	102	109	112	114	116	112
TOTAL, MOBILE									
End-user service revenue		13,212	12,455	3,282	3,422	3,324	3,184	3,205	3,252
Operator revenue		2,237	2,166	564	624	566	483	536	550
Service revenue		15,449	14,621	3,846	4,046	3,890	3,667	3,741	3,802
Equipment revenue		4,366	3,818	1,396	1,015	959	996	1,269	900
Other revenue		631	636	161	147	161	162	158	162
TOTAL, MOBILE		20,446	19,075	5,403	5,208	5,010	4,825	5,168	4,864

EBITDA

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Sweden									
Mobile		3,515	3,224	841	938	843	893	792	910
Fixed broadband		96	85	17	28	18	33	16	34
Fixed telephony		166	195	56	34	35	41	44	51
Other operations		67	108	32	14	12	9	28	30
		3,844	3,612	946	1,014	908	976	880	1,025
Netherlands									
Mobile	2	-410	-182	-150	-83	-71	-106	-78	-45
Fixed broadband		545	693	116	128	140	161	169	163
Fixed telephony	3	50	142	7	12	13	18	20	29
Other operations		260	250	62	65	65	68	62	59
		445	903	35	122	147	141	173	206
Kazakhstan									
Mobile		54	43	-5	50	9	-	17	22
		54	43	-5	50	9	-	17	22
Croatia									
Mobile		138	169	29	54	34	21	39	72
		138	169	29	54	34	21	39	72
Lithuania									
Mobile	2	538	506	138	143	132	125	128	143
		538	506	138	143	132	125	128	143
Latvia									
Mobile		295	294	78	79	70	68	82	83
		295	294	78	79	70	68	82	83
Estonia									
Mobile	3	133	149	37	37	30	29	49	35
Fixed telephony		3	4	-	1	1	1	1	2
Other operations		20	20	4	3	5	8	5	4
		156	173	41	41	36	38	55	41
Austria									
Mobile		-30	-2	-14	-6	-7	-3	-2	-
Fixed broadband		126	119	36	40	24	26	33	34
Fixed telephony		83	95	20	21	20	22	26	24
Other operations		24	19	7	6	6	5	5	4
		203	231	49	61	43	50	62	62
Germany									
Mobile		14	-27	18	10	-9	-5	-10	-3
Fixed broadband		21	22	6	5	5	5	6	6
Fixed telephony		130	136	36	32	30	32	35	32
		165	131	60	47	26	32	31	35
Other									
Other operations		-81	-136	-34	-12	-12	-23	-55	-7
		-81	-136	-34	-12	-12	-23	-55	-7
TOTAL									
Mobile		4,247	4,174	972	1,222	1,031	1,022	1,017	1,217
Fixed broadband		788	919	175	201	187	225	224	237
Fixed telephony		432	572	119	100	99	114	126	138
Other operations		290	261	71	76	76	67	45	90
TOTAL		5,757	5,926	1,337	1,599	1,393	1,428	1,412	1,682

EBIT

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Sweden									
Mobile		2,544	2,139	589	711	597	647	515	629
Fixed broadband		15	-13	-5	16	-7	11	-8	10
Fixed telephony		148	178	51	31	31	35	40	47
Other operations		40	67	20	12	4	4	18	20
		2,747	2,371	655	770	625	697	565	706
Netherlands									
Mobile	2	-669	-244	-223	-154	-137	-155	-109	-53
Fixed broadband		42	178	-1	1	12	30	46	32
Fixed telephony	3	29	126	2	7	7	13	16	24
Other operations		193	177	46	47	48	52	45	39
		-405	237	-176	-99	-70	-60	-2	42
Kazakhstan									
Mobile		-225	-178	-59	-16	-61	-89	-53	-29
		-225	-178	-59	-16	-61	-89	-53	-29
Croatia									
Mobile		-20	87	-13	10	-10	-7	16	51
		-20	87	-13	10	-10	-7	16	51
Lithuania									
Mobile	2	445	430	110	119	110	106	112	120
		445	430	110	119	110	106	112	120
Latvia									
Mobile		173	187	43	50	37	43	54	51
		173	187	43	50	37	43	54	51
Estonia									
Mobile	3	30	47	8	13	8	1	24	13
Fixed telephony		3	3	-	1	1	1	1	1
Other operations		9	5	5	-1	1	4	-	1
		42	55	13	13	10	6	25	15
Austria									
Mobile		-34	-2	-17	-7	-7	-3	-2	-
Fixed broadband		29	37	11	16	-2	4	11	13
Fixed telephony		66	61	16	17	17	16	16	16
Other operations		6	-2	1	2	1	2	-	-1
		67	94	11	28	9	19	25	28
Germany									
Mobile		-3	-61	16	2	-11	-10	-19	-8
Fixed broadband		16	16	4	4	4	4	6	4
Fixed telephony		128	123	37	31	28	32	33	32
		141	78	57	37	21	26	20	28
Other									
Other operations		-75	-145	-39	-4	-7	-25	-58	-8
		-75	-145	-39	-4	-7	-25	-58	-8
TOTAL									
Mobile		2,241	2,405	454	728	526	533	538	774
Fixed broadband		102	218	9	37	7	49	55	59
Fixed telephony		374	491	106	87	84	97	106	120
Other operations		173	102	33	56	47	37	5	51
		2,890	3,216	602	908	664	716	704	1,004
One-off items	3	-443	274	-238	-120	-71	-14	31	-
TOTAL		2,447	3,490	364	788	593	702	735	1,004

CAPEX

SEK million	Note	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Sweden									
Mobile		664	553	185	135	215	129	220	115
Fixed broadband		95	46	50	16	20	9	8	12
Fixed telephony		12	8	3	4	3	2	2	1
Other operations		13	15	3	4	4	2	3	6
		784	622	241	159	242	142	233	134
Netherlands									
Mobile		1,210	1,042	332	315	327	236	313	320
Fixed broadband		471	426	140	68	124	139	118	107
Fixed telephony		15	15	4	3	4	4	7	4
Other operations		77	44	21	12	22	22	13	14
		1,773	1,527	497	398	477	401	451	445
Kazakhstan									
Mobile		532	319	154	123	136	119	78	90
		532	319	154	123	136	119	78	90
Croatia									
Mobile		272	116	93	74	81	24	70	13
		272	116	93	74	81	24	70	13
Lithuania									
Mobile		114	107	22	28	26	38	27	34
		114	107	22	28	26	38	27	34
Latvia									
Mobile		113	82	51	20	19	23	34	10
		113	82	51	20	19	23	34	10
Estonia									
Mobile	8	77	133	18	18	15	26	11	26
Other operations		7	5	1	1	3	2	-	1
		84	138	19	19	18	28	11	27
Austria									
Mobile		38	-	7	9	11	11	-	-
Fixed broadband		68	30	31	8	12	17	12	6
Fixed telephony		8	23	2	-	-	6	7	6
Other operations		10	9	4	1	-	5	4	1
		124	62	44	18	23	39	23	13
Germany									
Mobile		4	13	2	-	-	2	1	2
Fixed broadband		2	2	1	-	-	1	-	2
		6	15	3	-	-	3	1	4
Other									
Other operations		425	462	99	93	112	121	102	91
		425	462	99	93	112	121	102	91
TOTAL									
Mobile		3,024	2,365	864	722	830	608	754	610
Fixed broadband		636	504	222	92	156	166	138	127
Fixed telephony		35	46	9	7	7	12	16	11
Other operations		532	535	128	111	141	152	122	113
TOTAL	8	4,227	3,450	1,223	932	1,134	938	1,030	861

Five-year summary

SEK million	Note	2015	2014	2013	2012	2011
CONTINUING OPERATIONS						
Net sales		26,856	25,955	25,757	25,993	26,219
Numbers of customers (by thousands)		14,414	13,594	13,582	14,229	12,392
EBITDA		5,757	5,926	5,891	6,040	6,755
EBIT		2,447	3,490	2,548	2,190	3,613
EBT		2,012	3,500	1,997	1,668	3,074
Net profit		1,268	2,626	968	1,158	2,169
Key ratios						
EBITDA margin, %		21.4	22.8	22.9	23.2	25.8
EBIT margin, %		9.1	13.4	9.9	8.4	13.8
Value per share (SEK)						
Net profit		2.84	5.89	2.17	2.61	4.88
Net profit after dilution		2.82	5.86	2.15	2.59	4.85
TOTAL						
Equity		17,901	22,682	21,591	20,429	21,452
Total assets		36,149	39,848	39,855	49,189	46,864
Cash flow from operating activities		3,529	4,578	5,813	8,679	9,690
Cash flow after CAPEX		-486	432	572	4,070	4,118
Available liquidity		7,890	8,224	9,306	12,933	9,986
Net debt	1, 4	9,878	8,135	7,328	15,187	13,060
Net investments in intangible and tangible assets, CAPEX		4,240	3,976	5,534	5,294	6,095
Investments/divestments in shares and other financial assets		-4,865	-439	-17,235	215	1,563
Key ratios						
Equity/assets ratio, %		50	57	54	42	46
Debt/equity ratio, multiple	1	0.55	0.36	0.34	0.74	0.61
Return on equity, %		14.7	10.0	69.5	15.6	18.9
ROCE, return on capital employed, %	10	14.0	10.1	48.0	15.4	20.5
Average interest rate, %		4.4	5.0	5.2	6.7	6.2
Value per share (SEK)						
Net profit		6.69	4.96	32.77	7.34	10.69
Net profit after dilution		6.65	4.93	32.55	7.30	10.63
Equity		40.13	50.90	48.49	45.95	48.32
Cash flow from operating activities		7.91	10.27	13.06	19.53	21.83
Dividend, ordinary		5.35 ¹⁾	4.85	4.40	7.10	6.50
Extraordinary dividend		-	10.00	-	-	6.50
Redemption		-	-	28.00	-	-
Market price at closing day		84.75	94.95	72.85	117.10	133.90

¹⁾ Proposed dividend

Parent company

Income statement

SEK million	2015	2014
Net sales	53	55
Administrative expenses	-121	-122
Operating loss, EBIT	-68	-67
Dividend from group company	-	967
Exchange rate difference on financial items	106	-35
Net interest expenses and other financial items	-269	-268
Profit/loss after financial items, EBT	-231	597
Appropriations, group contribution	-	372
Tax on profit/loss	56	-
NET PROFIT/LOSS	-175	969

Balance sheet

SEK million	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
NON-CURRENT ASSETS			
Tangible assets		1	2
Financial assets		13,666	13,617
NON-CURRENT ASSETS		13,667	13,619
CURRENT ASSETS			
Current receivables		5,987	10,407
Cash and cash equivalents		3	3
CURRENT ASSETS		5,990	10,410
ASSETS		19,657	24,029
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity	10	5,549	5,546
Unrestricted equity	10	5,346	12,077
EQUITY		10,895	17,623
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	4	4,204	4,305
NON-CURRENT LIABILITIES		4,204	4,305
CURRENT LIABILITIES			
Interest-bearing liabilities	4	4,479	2,018
Non-interest-bearing liabilities		79	83
CURRENT LIABILITIES		4,558	2,101
EQUITY AND LIABILITIES		19,657	24,029

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The full year report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board.

The amended IFRS standards and new IFRIC interpretations (IAS 19 and IFRIC 21), which became effective January 1, 2015, have had no material effect on the consolidated financial statements.

In Q4 2015, the definition of net debt has been changed. Please refer to Note 4.

In Q4 2015, a reclassification was made of outstanding balances on receivables on customers related to sold equipment, mainly handsets, from accrued income and accounts receivables to non-current and current interest-bearing receivables. The reclassification was made to reflect the character of the receivable and its maturity. The previous periods have been restated according to below.

SEK million	Dec 31, 2014	Jan 1, 2014
ASSETS		
Financial assets	1,128	740
Total non-current assets	1,128	740
Current receivables	-1,128	-740
Total current assets	-1,128	-740
TOTAL ASSETS	-	-

In all other respects, Tele2 has presented this full year report in accordance with the accounting principles and calculation methods used in the 2014 Annual Report. The description of these principles and definitions is found in the 2014 Annual Report.

NOTE 2 NET SALES AND CUSTOMERS

Net sales

In Q4 2015, net sales in Netherlands was positively affected by a net of SEK 90 million mainly due to benefit from a tax settlement with regards to VAT on postpaid subscriptions.

Equipment revenue in Sweden was positively impacted by sale to other than end-users as presented below.

SEK million	2015 Full year	2014 Full year	2015 Q4	2014 Q4
Sweden	149	445	31	180

In Q3 2014, the net sales in Lithuania was positively impacted by SEK 15 million as a result of expired prepaid balances.

Customers

In Q4 2015, customer stock in Croatia decreased with -22,000 customers in connection with implementation of a new IT system. In Q2 2015, customer stock in Sweden decreased with -28,000 customers in connection with implementation of a new IT system and changed principle for twin cards.

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.

NOTE 3 OPERATING EXPENSES

EBITDA

In Q4 2014, the EBITDA for mobile in Estonia was positively impacted by SEK 20 million as a result of the sales of a mobile license in the 2600 MHz frequency band.

In Q2 2014, the EBITDA for fixed telephony in Netherlands was positively impacted by SEK 48 million as a result of settled disputes regarding wholesale line rental.

Bridge from EBITDA to EBIT

SEK million	2015 Full year	2014 Full year	2015 Q4	2014 Q4
EBITDA	5,757	5,926	1,337	1,412
Impairment of goodwill	-196	-	1	-
Sale of operations	12	261	12	-
Acquisition costs	-118	-	-118	-
Challenger program	-247	-10	-133	-10
Other one-off items	106	23	-	41
Total one-off items	-443	274	-238	31
Depreciation/amortization and other impairment	-2,862	-2,696	-735	-703
Result from shares in joint ventures and associated companies	-5	-14	-	-5
EBIT	2,447	3,490	364	735

One-off items in segment reporting

Impairment of goodwill

In Q3 2015, an impairment loss on goodwill of SEK 197 million was recognized referring to the cash generating unit Estonia. The impairment loss was based on the estimated value in use of SEK 1.2 billion by using pre-tax discount rate (WACC) of 9 percent. Since the operation has not recovered as fast as previously expected, Tele2 assesses that the estimated future profit levels do not support the previous book value.

Sale of operations

The sale of the Swedish residential cable and fiber operations was completed in Q1 2014 and the capital gain amounted to SEK 258 million.

Acquisition costs

In Q4 2015, EBIT (administrative expenses) was negatively impacted by SEK -118 million concerning expenses related to the upcoming combination of the Tele2 and Kazakhtelecom mobile operations in Kazakhstan. For further information please refer to Note 11.

Challenger program: restructuring costs

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

SEK million	2015 Full year	2014 Full year	2015 Q4	2014 Q4
Costs of service provided	-58	-1	-40	-1
Selling expenses	-34	-	-17	-
Administrative expenses	-155	-9	-76	-9
Total Challenger program costs	-247	-10	-133	-10

of which:

- redundancy costs	-105	-	-77	-
- other employee and consultancy costs	-119	-10	-40	-10
- exit of contracts and other costs	-23	-	-16	-

Other one-off items

In Q3 2015, other operating revenues in Sweden was positively affected by SEK 112 million, concerning transactions related to sales of 2G sites to Net4Mobility, an infrastructure joint operation between Tele2 Sweden and Telenor Sweden, and the result of dismantling 2G sites. The mission for Net4Mobility is to build and operate a combined 2G and 4G network. From its establishment Tele2

and Telenor have transferred sites to the joint operation. These site transfers have now been completed resulting in a positive impact on Tele2's financial statement. Tele2 and Telenor are technically MVNO's with Net4Mobility and hence act as capacity purchasers.

In Q3 2015 and Q1 2014, other operating expenses was negatively affected by SEK –6 and –18 million respectively, related to the devaluations in Kazakhstan. The total foreign exchange rate effect of assets and liabilities in Kazakhstan was reported in other comprehensive income and amounted at the time for the devaluation to SEK –416 and –117 million respectively. Please refer to Note 5 regarding effects on change in fair value of put option Kazakhstan.

In Q4 2014, Sweden has been positively affected by SEK 41 million, due to the counterparty withdrew its claim concerning the ruling from the Administrative Court of Appeal in June 2010 regarding price on whole and split copper cable.

NOTE 4 FINANCIAL ASSETS AND LIABILITIES

Net debt

In Q4 2015, the definition of net debt has been changed to exclude operating interest-bearing assets and liabilities, mainly resulting in that provisions no longer are included. Net debt consist of the following items.

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

Financing

SEK million	Interest-bearing liabilities			
	Dec 31, 2015		Dec 31, 2014	
	Current	Non-current	Current	Non-current
Bonds NOK, Sweden	-	955 ¹⁾	315	1,049
Bonds SEK, Sweden	500	2,548	1,250	2,547
Commercial papers, Sweden	3,784	-	215	-
Financial institutions	543	655	715	667
	4,827	4,158	2,495	4,263
Put option, Kazakhstan (Note 5)	125	416	887	-
Other liabilities	420	1,045	455	1,090
	5,372	5,619	3,837	5,353
Total interest-bearing liabilities		10,991		9,190

¹⁾ The bonds in NOK are hedged for currency exposure via currency swaps

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

Classification and fair values

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers as well as 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 year, no transfers were made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions except for the valuation of the put option related to Tele2 Kazakhstan according to below.

SEK million	Dec 31 2015					Total reported value	Fair value
	Assets and liabilities at fair value through profit/loss (level 3)	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost			
Other financial assets	9	1,349	-	-	-	1,358	1,358
Accounts receivables	-	2,163	-	-	-	2,163	2,163
Other current receivables	-	3,296	48	-	-	3,344	3,344
Current investments	-	32	-	-	-	32	32
Cash and cash equivalents	-	107	-	-	-	107	107
Total financial assets	9	6,947	48	-	-	7,004	7,004
Liabilities to financial institutions and similar liabilities	-	-	-	8,985	-	8,985	9,240
Other interest-bearing liabilities	541	-	231	308	-	1,080	1,049
Accounts payable	-	-	-	2,746	-	2,746	2,746
Other current liabilities	-	-	-	502	-	502	502
Total financial liabilities	541	-	231	12,541	-	13,313	13,537

SEK million	Dec 31 2014					Total reported value	Fair value
	Assets and liabilities at fair value through profit/loss (level 3)	Loans and receivables	Derivative instruments designated for hedge accounting	Financial liabilities at amortized cost			
Other financial assets	8	1,592	-	-	-	1,600	1,600
Accounts receivables	-	2,389	-	-	-	2,389	2,389
Other current receivables	-	2,146	47	-	-	2,193	2,193
Current investments	-	38	-	-	-	38	38
Cash and cash equivalents	-	151	-	-	-	151	151
Assets classified as held for sale	1	337	-	-	-	338	338
Total financial assets	9	6,653	47	-	-	6,709	6,709
Liabilities to financial institutions and similar liabilities	-	-	-	6,758	-	6,758	7,085
Other interest-bearing liabilities	887	-	294	444	-	1,625	1,553
Accounts payable	-	-	-	2,848	-	2,848	2,848
Other current liabilities	-	-	-	467	-	467	467
Liabilities directly associated with assets classified as held for sale	-	-	-	249	-	249	249
Total financial liabilities	887	-	294	10,766	-	11,947	12,202

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

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

* Recognised in other comprehensive income.

The current put option held by the non-controlling shareholder Asianet on its existing 49 percent stake in Tele2 Kazakhstan was on December 31, 2015 valued at fair value equivalent to SEK 541 (887) million. The valuation was based on the agreements with Kazakhtelecom and Asianet announced on November 4, 2015 (for further information please refer to Note 11). At year-end the value of the current put option hence represents the initial purchase price of USD 15 million (SEK 125 million) to be paid to Asianet and an estimate of the present value of the deferred consideration equivalent to Asianet's 18 percent economic interest in the jointly owned company. The present value of the deferred consideration was calculated based on expected future cash flows of the jointly owned

company discounted at a pre-tax rate of 14.5 percent and perpetual growth rate of 2 percent after the nine year projection period. Key assumptions refer to expected growth rate, profit margins, investment levels and discount rate.

NOTE 5 OTHER FINANCIAL ITEMS

In Q1 and Q3 2015, the cash flow was negatively affected by SEK 130 and 76 million respectively related to currency derivatives designated for hedge accounting.

Other financial items in the income statement consist of the following items.

SEK million	2015 Full year	2014 Full year	2015 Q4	2014 Q4
Exchange rate differences	1	-27	18	2
Change in fair value, put option Kazakhstan	-51	427	-51	68
EUR net investment hedge, interest component	-3	9	-2	1
NOK net investment hedge, interest component	-1	-11	-	-10
Other financial expenses	-5	-10	-	-6
Total other financial items	-59	388	-35	55

In Q3 2015, the fair value of the put option of the business in Kazakhstan decreased by SEK 245 million affecting financial items in the income statement negatively by SEK 30 million and other comprehensive income positively by SEK 275 million mainly due to the devaluation of the Kazakhstan currency during the quarter. For further information please refer to Note 4.

In Q2 2014, the fair value of the put option of the business in Kazakhstan decreased by SEK 293 million affecting financial items in the income statement positively by SEK 363 million and other comprehensive income negatively by SEK 70 million mainly due to the devaluation in Q1 2014 of the Kazakhstan currency as well as increased financing provided by Tele2.

NOTE 6 TAXES

During 2015, the effective tax rate was mainly affected by below stated items, indicating an underlying effective tax rate of 21 (23) percent. The decrease on the previous year's figure was mainly due to the fact that countries with a higher tax rate, such as Netherlands, having relatively lower impact on the result than countries with lower tax rate, such as Sweden and the Baltics.

SEK million	2015		2014	
Profit before tax	2,012		3,500	
Income tax	-744	37.0%	-874	25.0%
Tax effect of:				
Sale of operations	-	-	-96	2.7%
Expired tax loss carry-forwards	-	-	36	-1.0%
Result from JV and associated companies	-	-	3	-0.1%
Not valued tax loss-carry forwards	438	-21.8%	148	-4.2%
Non-deductible expenses/ non-taxable revenues	-64	3.2%	23	-0.6%
Adjustment due to changed tax rate	-	-	-5	0.1%
Adjustment of taxes from previous years	-58	2.9%	-33	0.9%
Adjusted tax expense and effective tax rate	-428	21.3%	-798	22.8%

NOTE 7 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	2015 Dec 31	2015 Sep 30	2015 Jun 30	2015 Mar 31	2014 Dec 31	2014 Sep 30
Cash and cash equivalents in joint operations	34	1	11	33	4	133

In 2015, additional sites were transferred from Tele2 and Telenor to their joint operation Net4Mobility. These site transfers have now been completed resulting in a gain of SEK 57 million recognized in Q3 2015 (please refer to Note 3). The transfers did not have any other material effect on Tele2's financial statements. Apart from

transactions with joint operations, no other significant related party transactions were carried out during 2015. Related parties are presented in Note 37 of the Annual Report 2014.

NOTE 8 CAPEX

In Q1 2014, Tele2 Estonia acquired two mobile licenses in the 800 MHz and 2100 MHz frequency bands for SEK 54 million and in Q4 2014, Tele2 Estonia sold a mobile license in the 2600 MHz frequency band for SEK 24 million.

Bridge from CAPEX to paid CAPEX

SEK million	2015 Full year	2014 Full year	2015 Q4	2014 Q4
CAPEX, continued operations	-4,227	-3,450	-1,223	-1,030
CAPEX, discontinued operations	-13	-526	-	-21
CAPEX, total operation	-4,240	-3,976	-1,223	-1,051
This year's unpaid CAPEX and paid CAPEX from previous year	205	-226	146	-62
Received payment of sold non-current assets	20	56	4	29
Paid CAPEX	-4,015	-4,146	-1,073	-1,084

NOTE 9 CONTINGENT LIABILITIES

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

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

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

The tax authorities in Russia are currently performing tax audits on several of Tele2's former subsidiaries in Russia. Per the sales agreement with the VTB-Group Tele2 is liable for any additional taxes payable as result of the tax audits. On December 31, 2015 Tele2 has won tax disputes equivalent to SEK 187 million, of which the Russian tax authorities has appealed SEK 154 million. In addition, Tele2 has lost tax disputes of SEK -16 million, of which Tele2 has appealed SEK -7 million. On December 31, 2015 total provisions for Russian tax disputes amounted to SEK 16 million. Even though it cannot be ruled out that Tele2 may be liable to certain costs, Tele2 assesses that it is not likely that any additional taxes need to be paid and consequently no additional provisions have been made.

Additional contractual commitments are stated in Note 30 in the Annual Report 2014.

NOTE 10 EQUITY AND NUMBER OF SHARES

	Dec 31, 2015	Dec 31, 2014
Number of shares		
Outstanding	446,188,367	445,722,973
In own custody	4,894,972	3,060,366
Weighted average	446,032,991	445,594,010
After dilution	449,020,673	448,799,576
Weighted average, after dilution	448,904,102	448,606,438

In Q4 2015, Tele2 issued, and immediately repurchased, 2,300,000 new C shares to be used for future exercises of LTIs, resulting in an increase in share capital of SEK 3 million. 1,700,000 C shares were immediately reclassified into B shares.

As a result of share rights in the LTI 2011 being exercised during Q1 and Q2 2015, Tele2 delivered 26,032 and 8,307 B-shares respectively in own custody to the participants in the program. As a result of share rights in the LTI 2012 being exercised during Q2 2015, Tele2 delivered an additional 431,055 B-shares in own custody to the participants in the program.

In Q1 2015, 1,700,000 class C shares in own custody were reclassified into class B shares in own custody.

Dividend

Tele2's Board of Directors has proposed an ordinary dividend of SEK 5.35 per share in respect of the financial year 2015 at the Annual General Meeting in May 2016. This corresponds to a total of SEK 2,387 million.

In Q2 2015, Tele2 paid to its shareholders a dividend for 2014 of SEK 4.85 (4.40) per share and an extraordinary dividend of SEK 10.00 per share. This corresponded to a total of SEK 6,626 (1,960) million.

Long-term incentive program (LTI)

LTI 2015

	2015 Full year	Cumulative from start
Number of share rights		
Allocated June 8, 2015	1,241,935	1,241,935
Forfeited	-148,400	-148,400
Total outstanding share rights	1,093,535	1,093,535

During the Annual General Meeting held on May 19, 2015, the shareholders approved a retention and performance-based incentive program (LTI 2015) for senior executives and other key employees in the Tele2 Group. The measurement period for certain retention and performance-based conditions for LTIP 2015 is April 1, 2015 - March 31, 2018. The program has the same structure as last year's incentive program.

The rights are divided into Series A (retention rights) and Series B and C (performance rights). The number of shares the participant will receive depends on which category the participant belongs to and on the fulfilment of the following defined conditions:

- Series A Tele2's total shareholder return on the Tele2 shares (TSR) during the measure period exceeding 0 percent as entry level.
- Series B Tele2's average normalized return of capital employed (ROCE) during the measurement period being at least 9 percent as entry level and at least 12 percent as the stretch target.
- Series C Tele2's total shareholder return on the Tele2 shares (TSR) during the measure period being equal to the average TSR for a peer Group including Elisa, Iliad, Millicom International Cellular, TalkTalk Telecom Group, Telenor, TeliaSonera and TDC as entry level, and exceeding the average TSR for the peer Group with 10 percentage points as the stretch target.

The program comprised a total number of 271,607 shares. In total this resulted in an allotment of 1,241,935 share rights, of which 271,607 Series A, 485,164 Series B and 485,164 Series C. The participants were divided into different categories and were granted the following number of share rights for the different categories:

At grant date	No of participants	Maximum no of shares	Share right				Total allotment
			A	B	C	Tot	
CEO	1	8,500	1	3.5	3.5	8	68,000
Other senior executives	9	4,500	1	3	3	7	283,500
Category 1	40	2,000	1	1.5	1.5	4	282,845
Category 2	52	1,500	1	1.5	1.5	4	278,722
Category 3	95	1 000	1	1.5	1.5	4	328,868
Total	197						1,241,935

Total costs before tax for outstanding rights in the incentive program are expensed over the three-year vesting period, and these costs were initially expected to amount to SEK 83 million, of which social security costs amount to SEK 28 million.

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

The estimated average fair value of the granted rights was SEK 71 on the grant date, June 8, 2015. The calculation of the fair value was carried out by an external expert. The following variables were used:

	Series A	Series B	Series C
Expected annual turnover of personnel	7.0%	7.0%	7.0%
Weighted average share price	101.42	101.42	101.42
Expected life	2.87 years	2.87 years	2.87 years
Expected value reduction parameter market condition	75%	-	35%
Estimated fair value	76.10	101.40	35.50

To ensure the delivery of Class B shares under the program, the Annual General Meeting decided to authorise the Board of Directors to resolve on a directed issue of a maximum of 2,300,000 Class C shares and subsequently to repurchase the Class C shares. The mandate was used during Q4 2015.

For additional information related to the LTI programs please refer to Note 34 of the Annual Report 2014.

LTI 2014

	2015 Full year	Cumulative from start
Number of share rights		
Allocated June 2, 2014		1,180,268
Outstanding as of January 1, 2015	1,117,168	
Allocated, compensation for dividend	109,288	109,288
Forfeited	-283,551	-346,651
Performance conditions not reached, Norway	-43,665	-43,665
Exercised, cash settled, Norway	-1,732	-1,732
Total outstanding share rights	897,508	897,508
<i>of which will be settled in cash</i>	<i>9,147</i>	<i>9,147</i>

LTI 2013

	2015 Full year	Cumulative from start
Number of share rights		
Allocated June 4, 2013		1,204,128
Outstanding as of January 1, 2015	1,029,026	
Allocated, compensation for dividend	99,212	139,134
Forfeited	-230,926	-445,950
Performance conditions not reached, Norway	-41,260	-41,260
Exercised, cash settled, Norway	-14,789	-14,789
Total outstanding share rights	841,263	841,263
<i>of which will be settled in cash</i>	<i>42,261</i>	<i>42,261</i>

LTI 2012

Number of share rights	2015	
	Jan 1–Jun 30	Cumulative from start
Allocated June 15, 2012		1,132,186
Outstanding as of January 1, 2015	896,070	
Allocated, compensation for dividend	–	274,177
Forfeited	–11,924	–358,557
Performance conditions not reached, Russia	–	–163,660
Performance conditions not reached, Norway	–18,188	–18,188
Performance conditions not reached, other	–416,701	–416,701
Exercised, cash settled, Norway	–16,439	–16,439
Exercised, cash settled, other	–3,175	–3,175
Exercised, equity settled, other	–429,643	–429,643
Total outstanding share rights	–	–

The exercise of the share rights in LTI 2012 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2012 until March 31, 2015. The outcome of these performance conditions was in accordance with below and the outstanding share rights has been exchanged for shares in Tele2 or cash during Q2 2015. Weighted average share price for share rights in LTI 2012 at date of exercise amounted to SEK 109.65 during 2015 and SEK 109.07 for all exercised LTI programs during the year.

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

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

LTI 2011

Number of share rights	2015	
	Jan 1–Jun 30	Cumulative from start
Allocated June 17, 2011		1,056,436
Outstanding as of January 1, 2015	34,339	
Allocated, compensation for dividend	–	294,579
Forfeited	–	–351,296
Performance conditions not reached, Russia	–	–92,041
Performance conditions not reached, other	–	–602,796
Exercised, cash settled, Russia	–	–44,156
Exercised, cash settled, other	–	–1,014
Exercised, share settled	–34,339	–259,712
Total outstanding share rights	–	–

Weighted average share price for share rights at date of exercise amounted to SEK 101.77 during 2015.

ROCE, return on capital employed

ROCE is calculated according to below.

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

NOTE 11 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2015 Full year	2015 Q4
Acquisitions		
Capital contribution to joint ventures	–4	–1
Total acquisition of shares and participations	–4	–1
Divestments		
Norway	4,904	4
Residential cable and fiber operations, Sweden	–6	–2
Transaction costs, Russia	–6	–1
Proceeds from liquidation, Adworx Austria	5	–
Total sale of shares and participations	4,897	1
TOTAL CASH FLOW EFFECT	4,893	–

ACQUISITIONS

Announced combination of operations, Kazakhstan

On November 4, 2015 Tele2 announced the agreement with Kazakhtelecom to combine the two businesses' mobile operations in Kazakhstan, Tele2 Kazakhstan and Altel, in a jointly owned company. The transaction is subject to customary conditions, including regulatory approvals, and is expected to be completed in Q1 2016.

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

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

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

The current put option held by the non-controlling shareholder Asianet on its existing 49 percent stake in Tele2 Kazakhstan was on December 31, 2015 valued at fair value. For further information please refer to Note 4.

Divestments

4T Sverige (WyWallet), Sweden

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

Discontinued operations

On February 5, 2015 the Norwegian competition authorities announced that they have approved Tele2's divestment of its Norwegian operations to TeliaSonera announced in July 2014. The Norwegian operations were sold for SEK 5.1 billion and resulted in a capital gain in Q1 2015 of SEK 1.7 billion, including transaction costs and costs for central support system for the Norwegian operation. The capital gain include a positive effect of SEK 88 million related to exchange rate differences previously reported in other comprehensive income which have been recycled over the income statement but with no effect on total equity.

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

Net assets at the time of divestment

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

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

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

Income statement

SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Net sales	301	4,009	-5	-5	2	309	970	1,059
Cost of services provided	-241	-3,115	4	4	-2	-247	-731	-833
Gross profit	60	894	-1	-1	-	62	239	226
Selling expenses	-62	-932	1	1	-	-64	-202	-244
Administrative expenses	-31	-332	1	-	-	-32	-90	-81
Result from shares in joint ventures	-	-1	-	-	-	-	-1	-
Sale of operations, profit	1,734	-17	-1	-	1	1,734	-17	-
Other operating income	1	3	-	-	-	1	1	1
Other operating expenses	-	-3	-	-	-	-	-2	-
EBIT	1,702	-388	-	-	1	1,701	-72	-98
Interest income/costs	1	4	-	-	-	1	1	1
EBT	1,703	-384	-	-	1	1,702	-71	-97
Income tax	15	-31	-	-	-	15	-14	-6
of which from the operation	-3	-31	-	-	-	-3	-14	-6
of which from the capital gain	18	-	-	-	-	18	-	-
NET PROFIT/LOSS	1,718	-415	-	-	1	1,717	-85	-103
Earnings per share (SEK)	3.85	-0.93	-	-	-	3.85	-0.19	-0.23
Earnings per share, after dilution (SEK)	3.83	-0.93	-	-	-	3.83	-0.19	-0.23

Cash flow statement

SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
OPERATING ACTIVITIES								
Operating profit/loss	1,702	-388	-	-	1	1,701	-72	-98
Adjustments for non-cash items in operating profit	-1,713	444	-	-	-1	-1,712	77	123
Financial items paid	-	7	-	-	-	-	1	3
Cash flow from operations before changes in working capital	-11	63	-	-	-	-11	6	28
Changes in working capital	59	-146	-1	-1	-	61	-1	-67
CASH FLOW FROM OPERATING ACTIVITIES	48	-83	-1	-1	-	50	5	-39
INVESTING ACTIVITIES								
CAPEX paid	-15	-647	-	-	-	-15	-40	-107
Free cash flow	33	-730	-1	-1	-	35	-35	-146
Sale of shares	4,898	-32	3	2	-3	4,896	-1	-6
Changes of non-current receivables	-	13	-	-	-	-	-	-
Cash flow from investing activities	4,883	-666	3	2	-3	4,881	-41	-113
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,931	-749	2	1	-3	4,931	-36	-152

Additional information

	Numbers of customers			Net intake				
	2015 Dec 31	2014 Dec 31	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Thousands								
Mobile	-	1,125	-	-	-	-19	-33	-3
Fixed telephony	-	51	-	-	-	-1	-3	-3
Numbers of customers and net intake	-	1,176	-	-	-	-20	-36	-6
Divested companies	-	-	-	-	-	-1,156	-	-
Numbers of customers and net change	-	1,176	-	-	-	-1,176	-36	-6
	Net sales							
SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Mobile	289	3,832	-5	-4	2	296	929	1,015
Fixed telephony	14	198	-	-1	-	15	46	50
	303	4,030	-5	-5	2	311	975	1,065
Internal sales, elimination	-2	-21	-	-	-	-2	-5	-6
Net sales	301	4,009	-5	-5	2	309	970	1,059
	EBITDA							
SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Mobile	-12	36	-	-	-	-12	3	20
Fixed telephony	2	40	-	-	-	2	10	10
Other operations	-1	-20	-	-	-	-1	-8	-5
EBITDA	-11	56	-	-	-	-11	5	25
	EBIT							
SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Mobile	-33	-402	1	-	-	-34	-61	-106
Fixed telephony	1	32	-	-	-	1	7	8
Other operations	-	-1	-	-	-	-	-1	-
	-32	-371	1	-	-	-33	-55	-98
Sale of operations	1,734	-17	-1	-	1	1,734	-17	-
EBIT	1,702	-388	-	-	1	1,701	-72	-98
	Specification of items between EBITDA and EBIT							
SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
EBITDA	-11	56	-	-	-	-11	5	25
Sale of operations	1,734	-17	-1	-	1	1,734	-17	-
Depreciation/amortization and other impairment	-21	-426	1	-	-	-22	-59	-123
Result from shares in joint ventures	-	-1	-	-	-	-	-1	-
EBIT	1,702	-388	-	-	1	1,701	-72	-98
	CAPEX							
SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Mobile	13	513	-	-	-	13	21	87
Fixed telephony	-	13	-	-	-	-	-	3
CAPEX	13	526	-	-	-	13	21	90
	Additional cash flow information							
SEK million	2015 Full year	2014 Full year	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
CAPEX	-13	-526	-	-	-	-13	-21	-90
This year unpaid CAPEX and paid CAPEX from previous year	-2	-121	-	-	-	-2	-19	-17
Paid CAPEX	-15	-647	-	-	-	-15	-40	-107

TELE2