SECOND QUARTER 2012

Tele2 AB
19 July 2012
Agenda

• About Q2 2012
• Financial review
• Concluding remarks
Tele2 Group Q2 Highlights

• Net customer intake of 1.5 million leading to a total customer base of 36.3 million

• Revenue growth of 10%, amounting to SEK 11,064 (10,078) million

• EBITDA amounted to SEK 2,715 million, equivalent to a margin of 25%

• CAPEX amounted to SEK 1,586 million
Market Area Russia: Overview

Population
Appr. 140 million

Tele2 Russia
- 43 regions of Russian Federation
- 21.6 million subscribers
- Mobile operator #4 in Russia in terms of subscribers and revenue

Represents 30% of total net sales Q2 2012

Focus
- Continue to grow customer base and maximize the 2G opportunity
- Evaluate possibilities to expand carefully through new licenses as well as by complementary acquisitions
- Make progress on technology neutrality
Q2 Highlights Russia

- Strong customer net intake of 693,000
- Increased EBITDA margin of 37% due to less marketing spend
- Robust ARPU development, showing a growth of 5%
The Russian mobile market overview

TELE2 SUBSCRIBERS AS PART OF TOTAL RUSSIAN MOBILE MARKET

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Million subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 09</td>
<td>Tele2: 5.6%</td>
</tr>
<tr>
<td>Q2 09</td>
<td>Tele2: 7.3%</td>
</tr>
<tr>
<td>Q3 09</td>
<td>Tele2: 8.6%</td>
</tr>
<tr>
<td>Q4 09</td>
<td>Tele2: 9.3%</td>
</tr>
</tbody>
</table>

NET ADDITIONS

Thousands of subscribers

ARPU DEVELOPMENT

RUB

<table>
<thead>
<tr>
<th>Year</th>
<th>Tele2</th>
<th>MegaFon</th>
<th>Vimpelcom</th>
<th>MTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>229</td>
<td>300</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>229</td>
<td>300</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>229</td>
<td>300</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2009</td>
<td>229</td>
<td>300</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Company data, AC&M Consulting
Data and voice revenues demonstrate 8% and 15% YoY growth respectively.
Regulatory update: significant developments

**LTE license tender**
Roscomnadzor held tender on LTE for 4 federal lots, each 2x7.5 MHz in 800 MHz and 2x10 MHz in 2.5-2.7 GHz. Tele2 submitted two bids. However, Tele2 did not win due to tender conditions favoring federal operators.

**Regional LTE allocations**
The Regulator officials have recently verbally stated that they plan to distribute 10 regional TDD LTE licenses in 2600 Mhz. According to the Ministry representative this decision may be taken at the forthcoming GKRCh** meeting.

**Technology neutrality**
Report from NIIR* ready confirming LTE and GSM can co-exist on the same band. According to the Telecom Ministry representative LTE 1800 should be included in the agenda for the next GKRCh** meeting.

**MNP Consultations**
The Prime Minister assigned the direction for discussions on the MNP introduction. Tele2 delivered proposals on the draft bill and participated in the working group on the technical solution. The expected deadline for MNP introduction is Jan, 2014.

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* NIIR – Radio Research and Development Institute
** GKRCh – State Commission on Radio Frequencies
Tele2 Russia forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia in 2012:

- Tele2 expects the subscriber base to reach approx. 22 (earlier 21.5-22) million.
- Tele2 expects ARPU to grow by 3-5 (earlier in low single digits) percent in local currency.
- Tele2 expects an EBITDA margin of between 37-39 percent.
- Tele2 expects capex of between SEK 1,300 - 1,500 million.
Market Area Nordic: Overview

Population
14.4 million

Tele2 Sweden and Tele2 Norway
Home market and test bed for new services

Represents 40% of total net sales Q2 2012
Sweden 29%; Norway 11%

Focus
- Sweden: Build on mobile growth and 4G roll-out coupled with household / corporate fiber strategy
- Norway: Roll out own network and focus on bucket-price subscriptions
Q2 Highlights Tele2 Sweden

- Net sales amounted to SEK 3,209 million and EBITDA amounted to SEK 766 million
- Mobile revenue grew by 6% and service revenue grew by 2.3%
- Net intake in Q2 boosted by temporary campaign on postpaid subscriptions
  - Affecting EBITDA negatively during the quarter
  - New, more diversified pricing plans and innovative products
New tariff models

Volym Låg
- 300 minutes
- 300 SMS & MMS
- 1 GB data

Volym Mellan
- 1000 minutes
- 1000 SMS & MMS
- 3 GB data

Volym Hög
- 3000 minutes
- 3000 SMS & MMS
- 5 GB data
Innovative packages and products

- **WyWallet**
- **+46 app**
- **Roaming buckets**
- **Prepaid smartphone campaigns**
Sales of top ten mobile phones
Tele2 Sweden (Q2 2012)

1. iPhone 4S 16GB
2. Samsung Galaxy Gio
3. HTC One X
4. Sony Xperia S
5. Samsung Galaxy S2
6. Samsung Galaxy S3
7. Samsung Galaxy S2 LTE
8. Samsung Galaxy Ace
9. Samsung E1080
10. iPhone 4S 32GB

* Postpaid residential, quantity of handsets
Mobile EBITDA development
Tele2 Sweden forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Swedish mobile operations in 2012:

- Tele2 expects service revenue to grow by approximately 3-4 (earlier 3-5) percent.
- Tele2 expects an EBITDA margin of between 30-32 percent assuming a stable market environment.
Q2 Highlights Tele2 Norway

- Integration of Tele2 Norway completed
- Good net intake of 23,000 mobile customers
- Tele2 Norway reported net sales of SEK 1,208 million, of which SEK 1,137 million was mobile revenue
- Mobile EBITDA contribution was SEK 81 (15) million
- Interconnect was lowered by July 1 to NOK 0.25 (0.40) and NOK 0.60 (0.70) for Tele2 Norway and Network Norway respectively
Tele2 Norway forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Norway in 2012:

- Tele2 expects a total revenue of between SEK 4,800-5,000 (earlier 5,000-5,200) million.
- Tele2 expects an EBITDA margin of between 2-3 percent.
- Tele2 expects capex of between SEK 850-950 million.
Market Area Western Europe: Overview

Population
106 million

Leading the group in business to business services and consumer fixed broadband

Represents 17% of total net sales Q2 2012
Netherlands 12%; Germany 2%; Austria 3%

Focus
- Netherlands  Grow in mobile and B2B
- Austria    B2B & Integration of Silver Server
- Germany   Grow Fixed Via Mobile product
Q2 Highlights Tele2 Netherlands

- Stable financial performance despite tough market conditions
- Back to growth in total customer base
- Net intake of 32,000 customers in mobile
  - Significant portion in high-value mobile post-paid segment
- Strong intake in the B2B segment

**CUSTOMER BASE and CUSTOMER INTAKE**

Thousands of customers

**NET SALES and YoY NET SALES GROWTH**

SEK Million

**EBITDA and EBITDA MARGIN**

SEK Million

- Customer base (left)
- Customer net intake (right)
- Mobile
- Fixed broadband
- Fixed telephony
- Other
- EBITDA margin (right)
Q2 Highlights Tele2 Germany and Tele2 Austria

- Both Austria and Germany show stable profitability
- Tele2 Germany: High-value Fixed via Mobile product still showing steady growth
- Tele2 Austria: Integration of Silver Server on track. Solid performance in the B2B segment

### Tele2 Germany

**EBITDA and EBITDA Margin**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (SEK Million)</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 11</td>
<td>90</td>
<td>40%</td>
</tr>
<tr>
<td>Q3 11</td>
<td>90</td>
<td>40%</td>
</tr>
<tr>
<td>Q4 11</td>
<td>120</td>
<td>40%</td>
</tr>
<tr>
<td>Q1 12</td>
<td>120</td>
<td>40%</td>
</tr>
<tr>
<td>Q2 12</td>
<td>120</td>
<td>40%</td>
</tr>
</tbody>
</table>

### Tele2 Austria

**EBITDA and EBITDA Margin**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (SEK Million)</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 11</td>
<td>60</td>
<td>30%</td>
</tr>
<tr>
<td>Q3 11</td>
<td>60</td>
<td>30%</td>
</tr>
<tr>
<td>Q4 11</td>
<td>90</td>
<td>30%</td>
</tr>
<tr>
<td>Q1 12</td>
<td>90</td>
<td>30%</td>
</tr>
<tr>
<td>Q2 12</td>
<td>90</td>
<td>30%</td>
</tr>
</tbody>
</table>
Market Area Central Europe and Eurasia: Overview

Population
28 million

Represents 12% of total net sales Q2 2012
Estonia 2%; Latvia 2%; Lithuania 3%; Croatia 3%; Kazakhstan 2%

Focus
- Continue to grow rapidly in Kazakhstan
- Efficiency improvements in Baltics
- Drive improvement in revenue, profits and market share in Croatia
Q2 Highlights Tele2 Estonia

- Stable financial performance and profitability in a competitive market
- Tele2 Estonia maintains a positive net intake of mobile customers
- Successful integration of Televörgu completed
- Modernization and 4G roll-out currently ongoing

MOBILE CUSTOMER BASE and CUSTOMER INTAKE

- Thousands of customers

NET SALES and YoY NET SALES GROWTH

- SEK Million

EBITDA and EBITDA MARGIN

- SEK Million
Q2 Highlights Tele2 Latvia

- Tele2 Latvia maintains a high efficiency in a competitive market
- EBITDA margin amounted to 36%
- Customer intake of 11,000
- Rolling out 4G when commercially attractive
Q2 Highlights Tele2 Lithuania

- Significant intake of 20,000 mobile customers
- EBITDA margin amounted to 38%
- Strong performance since inception in 2000
Tele2 Lithuania – a success story

Tele2 Lithuania has caught up with its competitors in terms of Revenue market share, and surpasses them in terms of EBITDA market share.
Q2 Highlights Tele2 Croatia

- Significant intake of 43,000 mobile customers
- New CEO started in June

### CUSTOMER BASE and CUSTOMER INTAKE

- Thousands of customers

### NET SALES and YoY NET SALES GROWTH

- SEK Million

### EBITDA and EBITDA MARGIN

- SEK Million

### EBITDA-CAPEX

- SEK Million
Tele2 Croatia forward looking statement

The following assumption should be taken into account when estimating the operational performance of the Croatian mobile operations in 2012:

- Tele2 expects Croatia to reach an EBITDA margin of between 4-6 (earlier 20 percent by Q3 2013) percent.
Q2 Highlights Tele2 Kazakhstan

- Commercial launch of Tele2 brand completed in all regions of Kazakhstan
- Strong net intake of 759,000 customers
- Total number of customers amounted to 2.5 million
The Kazakhstan mobile market overview

MOBILE SUBSCRIBERS – MARKET SHARE

NET ADDITIONS
Thousands of subscribers

- Tele2
- Kcell/Activ
- Dalacom/Pathword
- Beeline
Tele2 Kazakhstan forward-looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Kazakhstan in 2012:

- Tele2 expects the subscriber base to reach up to 3.0 million (earlier 2.5-2.7)
- Tele2 expects an EBITDA contribution of between SEK -350 to -400
- Tele2 expects capex of between SEK 550-600 million.
- Tele2 expects to reach EBITDA break-even by 2H 2013.
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.
Agenda

• About Q2 2012
• Financial review
• Concluding remarks
## Group results

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>▲%</th>
<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
<th>▲%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>11,064</td>
<td>10,078</td>
<td>9.8%</td>
<td>21,545</td>
<td>19,720</td>
<td>41,001</td>
<td>9.3%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>2,715</td>
<td>2,809</td>
<td>-3.3%</td>
<td>5,286</td>
<td>5,353</td>
<td>11,212</td>
<td>-1.3%</td>
</tr>
<tr>
<td><strong>EBITDA margin (%)</strong></td>
<td>24.5%</td>
<td>27.9%</td>
<td>-3.3%</td>
<td>24.5%</td>
<td>27.1%</td>
<td>27.3%</td>
<td>-2.6%</td>
</tr>
<tr>
<td><strong>Depreciation &amp; associated companies</strong></td>
<td>-1,268</td>
<td>-1,015</td>
<td>24.9%</td>
<td>-2,457</td>
<td>-1,985</td>
<td>-4,158</td>
<td>23.8%</td>
</tr>
<tr>
<td><strong>Depreciation of net sales (%)</strong></td>
<td>-11.5%</td>
<td>-10.1%</td>
<td>-1.4%</td>
<td>-11.4%</td>
<td>-10.1%</td>
<td>-10.1%</td>
<td>-1.3%</td>
</tr>
<tr>
<td><strong>One-off items</strong></td>
<td>-20</td>
<td>-57</td>
<td>24.9%</td>
<td>-19</td>
<td>42</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,427</td>
<td>1,737</td>
<td>-17.8%</td>
<td>2,810</td>
<td>3,410</td>
<td>7,050</td>
<td>-17.6%</td>
</tr>
<tr>
<td><strong>Normalized EBIT</strong></td>
<td>1,447</td>
<td>1,794</td>
<td>-19.3%</td>
<td>2,829</td>
<td>3,368</td>
<td>7,054</td>
<td>-16.0%</td>
</tr>
<tr>
<td><strong>Normalized EBIT margin (%)</strong></td>
<td>13.1%</td>
<td>17.8%</td>
<td>-4.7%</td>
<td>13.1%</td>
<td>17.1%</td>
<td>17.2%</td>
<td>-3.9%</td>
</tr>
<tr>
<td><strong>Financial items</strong></td>
<td>-321</td>
<td>-230</td>
<td>39.6%</td>
<td>-499</td>
<td>-304</td>
<td>-674</td>
<td>64.1%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>-257</td>
<td>-399</td>
<td>-35.6%</td>
<td>-593</td>
<td>-772</td>
<td>-1,472</td>
<td>-23.2%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>849</td>
<td>1,108</td>
<td>-23.4%</td>
<td>1,718</td>
<td>2,334</td>
<td>4,904</td>
<td>-26.4%</td>
</tr>
<tr>
<td><strong>Discontinued operations</strong></td>
<td>1</td>
<td>5</td>
<td>-80.0%</td>
<td>1</td>
<td>-8</td>
<td>-7</td>
<td>-112.5%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>850</td>
<td>1,113</td>
<td>-23.6%</td>
<td>1,719</td>
<td>2,326</td>
<td>4,897</td>
<td>-26.1%</td>
</tr>
</tbody>
</table>
Currency movements Q2 2012

Numerical values are not visible in the image.

EUR/EUR pegged and RUB currencies represent 54% of external sales and 74% of EBITDA.
Depreciation

Change Y-on-Y for Q2

- Acquisition of Network Norway (SEK 85 million) of which surplus depreciation and amortization of SEK 63 million
- Upgrade/replacement of networks in the Baltics during 2012 - 2013 (SEK 72 million)
- Russia SEK 57 million
- Kazakhstan SEK 22 million
## Financial items

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income/costs</td>
<td>-268</td>
<td>-87</td>
<td>-446</td>
<td>-128</td>
<td>-483</td>
</tr>
<tr>
<td>Exchange rate differences, external</td>
<td>6</td>
<td>-33</td>
<td>-7</td>
<td>-42</td>
<td>-24</td>
</tr>
<tr>
<td>Exchange rate differences, intragroup</td>
<td>-11</td>
<td>-56</td>
<td>42</td>
<td>-39</td>
<td>13</td>
</tr>
<tr>
<td>Other financial items</td>
<td>-48</td>
<td>-54</td>
<td>-88</td>
<td>-95</td>
<td>-180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-321</strong></td>
<td><strong>-230</strong></td>
<td><strong>-499</strong></td>
<td><strong>-304</strong></td>
<td><strong>-674</strong></td>
</tr>
</tbody>
</table>
### Taxes

#### Taxes in income statement

<table>
<thead>
<tr>
<th></th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>-257</td>
<td>-399</td>
<td>-593</td>
<td>-772</td>
<td>-1,580</td>
</tr>
<tr>
<td>One off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>108</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-257</td>
<td>-399</td>
<td>-593</td>
<td>-772</td>
<td>-1,472</td>
</tr>
</tbody>
</table>

#### Taxes in cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>-112</td>
<td>-325</td>
<td>-314</td>
<td>-550</td>
<td>-948</td>
</tr>
<tr>
<td>One off</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-112</td>
<td>-325</td>
<td>-314</td>
<td>-550</td>
<td>-948</td>
</tr>
</tbody>
</table>

- Deferred tax assets at year to date amounted to SEK 2.5 (Dec 2011: 3) billion
- The 2012 tax payment will affect the cash flow with SEK 1,000 (earlier 1,200) million
## Cash flow

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before paid tax</td>
<td>2,548</td>
<td>2,686</td>
<td>5,065</td>
<td>5,350</td>
<td>10,895</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>-112</td>
<td>-325</td>
<td>-314</td>
<td>-550</td>
<td>-948</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-246</td>
<td>-7</td>
<td>-665</td>
<td>-264</td>
<td>-257</td>
</tr>
<tr>
<td>CF from operating activities</td>
<td>2,190</td>
<td>2,354</td>
<td>4,086</td>
<td>4,536</td>
<td>9,690</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPEX</td>
<td>-1,417</td>
<td>-1,661</td>
<td>-2,247</td>
<td>-2,677</td>
<td>-5,572</td>
</tr>
<tr>
<td>CF after CAPEX</td>
<td>773</td>
<td>693</td>
<td>1,839</td>
<td>1,859</td>
<td>4,118</td>
</tr>
<tr>
<td>Shares and other financial assets</td>
<td>-5</td>
<td>-57</td>
<td>-203</td>
<td>-54</td>
<td>-1,563</td>
</tr>
<tr>
<td>CF after investing activities</td>
<td>768</td>
<td>636</td>
<td>1,636</td>
<td>1,805</td>
<td>2,555</td>
</tr>
</tbody>
</table>
Proforma financial debt profile

SOURCES OF FUNDING
SEK Billion

Q4 11 12.8
Q1 12 12.1
Q2 12 16.9

-2.5 0.0 2.5 5.0 7.5 10.0 12.5 15.0 17.5 20.0

R scouring credit facility
Russia bond
Commercial paper
Norwegian bond
Swedish Bond
Off BS items
Cash
Proforma net debt

Q4 11
Q1 12
Q2 12

Other financing

TELE2
Debt position and ratio

PROFORMA NET DEBT / EBITDA 12'M ROLLING
SEK Billion / Ratio

Q4 11  Q1 12  Q2 12

Proforma Net Debt
Ordinary dividend (paid May 2012)
Extraordinary dividend (paid May 2012)
Leverage Net
Group financials

GROUP EBITDA and GROUP EBITDA MARGIN

SEK Million

GROUP NET SALES

SEK Million

GROUP CAPEX (BS) and CAPEX/Sales

SEK Million

ROCE (NORMALISED)

Percent

SEK Million

Group EBITDA margin

CAPEX/Sales

Q2'11  Q3'11  Q4'11  Q1'12  Q2'12

0  1,000  2,000  3,000  4,000  5,000  6,000  7,000  8,000  9,000  10,000  11,000  12,000

Q2'11  Q3'11  Q4'11  Q1'12  Q2'12

0  500  1,000  1,500  2,000  2,500  3,000  3,500  4,000

Q2'11  Q3'11  Q4'11  Q1'12  Q2'12

0  5%  10%  15%  20%  25%  30%

Q1  Q2  Q3  Q4  Q1  Q2

0%  5%  10%  15%  20%  25%  30%
Agenda

• About Q2 2012
• Financial review
• Concluding remarks
Concluding remarks

Manage the shift from voice to data
• Package services to increase attractiveness of data
• Exploit 4G services to make it a commercial success

Exploit new services and opportunities by offering our customers what they need for less
• WyWallet
• +46 app
• Roaming buckets

Growth
• Through emerging markets such as Russia and Kazakhstan
• Through evolution of multiple devices
Q&A