Agenda

• About Q3 2012
• Financial review
• Concluding remarks
Tele2 Group Q3 Highlights

• Net mobile customer intake of 1.5 million leading to a total customer base of 37.7 million

• Net sales growth for the Group amounted to 9% excluding exchange rate differences, corresponding to SEK 10,906 million

• EBITDA amounted to SEK 3,002 million, equivalent to a margin of 28%

• CAPEX amounted to SEK 1,229 million
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

Population
Appr. 143 million

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

Represents 30% of total net sales in Q3 2012
Q3 Highlights Russia

- Strong customer net intake of 710,000
- Increased EBITDA margin, amounting to 38%
- ARPU continues to grow, showing a growth of 4% YoY
The Russian mobile market overview

**TELE2 SUBSCRIBERS AS PART OF TOTAL RUSSIAN MOBILE MARKET**

Million subscribers

![Bar chart showing Tele2's subscriber percentage growth from Q1 09 to Q2 12.](chart)

**NET ADDITIONS**

Thousands of subscribers

![Bar chart showing net additions for Tele2, Vimpelcom, and MTS from Q3 09 to Q3 12.](chart)

**ARPU DEVELOPMENT**

RUB

![Bar chart showing ARPU development for Tele2, Vimpelcom, and MTS from Q3 09 to Q3 12.](chart)

**ANNUALIZED CHURN RATE**

![Line chart showing annualized churn rate for Tele2, Vimpelcom, and MTS from Q3-11 to Q3-12.](chart)

Source: Company data, AC&M Consulting
Voice and data demonstrate 8% and 12% YoY growth respectively.
Regulatory update: significant developments

Technology neutrality
On October 2, GKRCh* requested the Telecom Ministry to analyze the studies about using 900 MHz band for UMTS and 1800 MHz for LTE by December 1. Tele2 will further contribute to the discussion on LTE1800. The next GKRCh meeting is tentatively scheduled for December 7, 2012.

New regional licenses
On October 2, the GKRCh meeting agenda included the discussion of 9 GSM1800 license distributions. According to the statements of Ministry officials, the current plan is to distribute them via auctions although the auctions timing and the conditions have not yet been announced. Tele2’s participation in the auctions will depend on their terms and conditions.

* GKRCh – State Commission on Radio Frequencies
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 approximately 22.5 (earlier 22) million.
- Tele2 expects ARPU to grow by 3-5 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 in Q3 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
Q3 Highlights Tele2 Sweden

- Net sales amounted to SEK 3,189 million and EBITDA amounted to SEK 966 million
- Mobile service revenue growth of 4% YoY excluding interconnect, and 2% including interconnect
- Mobile EBITDA margin of 33%, affected by the introduction of iPhone 5
Launch of new Comviq price plan

Continued demand for fixed fee price plans

Bucket price plans
2G and 4G network roll-out

80% population coverage

Shared network activated on Gotland and on the West Coast of Sweden
Smartphone market development

Sales of top ten mobile phones
Tele2 Sweden (Q3 2012)

1. iPhone 4S
2. Samsung Galaxy SIII
3. iPhone 5
4. iPhone 4
5. Samsung Galaxy Ace
6. Samsung Galaxy SII
7. HTC Desire C
8. Samsung Galaxy Gio
9. Sony Xperia Acro S
10. Samsung E1080

* Postpaid residential, quantity of handsets
The following assumptions should be taken into account when estimating the operational performance of the Swedish mobile operations in 2012:

- Tele2 expects mobile service revenue to grow by approximately 3-4 percent.
- Tele2 expects an EBITDA margin of between 30-32 percent, assuming that the market environment will remain stable.
Q3 Highlights Tele2 Norway

- Strong focus on network roll-out
- Satisfactory net intake of 14,000 mobile customers
- Tele2 Norway reported total external revenue of SEK 1,184 million, of which SEK 1,117 million was mobile revenue
- Mobile EBITDA contribution was SEK 101 million
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 million.
- Tele2 expects an EBITDA margin of between 4-6 (earlier 2-3) percent.
- Tele2 expects capex of between SEK 450-550 (earlier 850-950) million.
Market Area Western Europe: Overview

Population
108 million

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

Represents 16% of total net sales in Q3 2012
Netherlands 11%; Germany 2%; Austria 3%

Focus
- Netherlands: Growth in mobile and B2B
- Austria: B2B & continuous integration of Silver Server
- Germany: Grow Fixed Via Mobile product
Q3 Highlights Tele2 Netherlands

- Financial performance continues to be stable
- Mobile intake above plan – net intake of 51,000 customers in Q3 and 96,000 YTD, with a significant part in the high value mobile postpaid segment
- Several successful large corporate contracts signed push intake in B2B
Q3 Highlights Tele2 Germany and Tele2 Austria

- Austria and Germany continue to show stable profitability
- Tele2 Germany: Fixed via Mobile partly compensates the decline in fixed
- Tele2 Austria: B2B data intake remains steady throughout the quarter, delivering stable financial performance
- Successful integration of Silver Server almost finalized
Market Area Central Europe and Eurasia: Overview

Population
28 million

Represents 13% of total net sales in Q3 2012

Estonia 2%; Latvia 2%; Lithuania 3%; Croatia 3%; Kazakhstan 3%

Focus
- Continued rapid market share growth in Kazakhstan
- Efficiency improvements in Baltics
- Improvements in market share growth in Croatia
Q3 Highlights Tele2 Estonia

- Stable financial performance and profitability in a competitive market
- Tele2 Estonia maintains a positive net intake of mobile customers
- Modernization of network and 4G roll-out currently ongoing
Q3 Highlights Tele2 Latvia

- Tele2 Latvia maintains high efficiency in a competitive market
- EBITDA margin amounted to 34%
- Net customer intake of 21,000
- Rolling out 4G when commercially attractive
Q3 Highlights Tele2 Lithuania

- Significant intake of 38,000 mobile customers
- EBITDA margin amounted to 35%
- Continuing strong performance
Tele2 Lithuania – a success story

Tele2 Lithuania continues to outperform its competitors in terms of Revenue market share growth and EBITDA market share. Tele2 has the highest service revenue among all competitors.
Q3 Highlights Tele2 Croatia

- Positive net intake of 33,000 customers
- Focus on maintaining a positive cash flow
- An impairment of goodwill and other fixed assets amounting to SEK 250 million was done in the quarter
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 percent.
Q3 Highlights Tele2 Kazakhstan

- Continuing strong net intake of 589,000 customers
- Total number of customers amounted to 3.1 million
- Continuing rapid roll-out of new base stations for increased coverage
The Kazakhstan mobile market overview

MOBILE SUBSCRIBERS – MARKET SHARE

NET ADDITIONS

Thousands of subscribers

Tele2 Kazakhstan has reached more than 3 million customers within 18 months of operations.
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 approximately 3.4 (earlier 3.0) million.

• Tele2 expects an EBITDA contribution of between SEK -350 to -400 million.

• Tele2 expects capex of between SEK 450-500 (earlier 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 Q3 2012
• Financial review
• Concluding remarks
## Group results Q3

<table>
<thead>
<tr>
<th></th>
<th>Q3 2012</th>
<th>Q3 2011</th>
<th>∆%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>10,906</td>
<td>10,429</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>3,002</td>
<td>2,986</td>
<td>0.5%</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>27.5%</td>
<td>28.6%</td>
<td>-1.1%</td>
</tr>
<tr>
<td><strong>Depreciation &amp; associated companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of net sales (%)</td>
<td>-10.5%</td>
<td>-9.5%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>One-off items</td>
<td>-538</td>
<td>-20</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,317</td>
<td>1,977</td>
<td>-33.4%</td>
</tr>
<tr>
<td>Normalized EBIT</td>
<td>1,855</td>
<td>1,997</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Normalized EBIT margin (%)</td>
<td>17.0%</td>
<td>19.1%</td>
<td>-2.1%</td>
</tr>
<tr>
<td><strong>Financial items</strong></td>
<td>-219</td>
<td>-287</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>-118</td>
<td>-431</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit from continuing operations</strong></td>
<td>980</td>
<td>1,259</td>
<td>-22.2%</td>
</tr>
<tr>
<td><strong>Discountinued operations</strong></td>
<td>-</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>980</td>
<td>1,260</td>
<td>-22.2%</td>
</tr>
</tbody>
</table>

- During the quarter one-off items of SEK -538 million affected the EBIT result
- One-off tax items amounted to SEK +262 million
# Group results YTD

<table>
<thead>
<tr>
<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>32,451</td>
<td>30,149</td>
<td>41,001</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>8,288</td>
<td>8,339</td>
<td>11,212</td>
<td>-0.6%</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>25.5%</td>
<td>27.7%</td>
<td>27.3%</td>
<td>-2.1%</td>
</tr>
<tr>
<td><strong>Depreciation &amp; associated companies</strong></td>
<td>-3,604</td>
<td>-2,974</td>
<td>-4,158</td>
<td>21.2%</td>
</tr>
<tr>
<td>Depreciation of net sales (%)</td>
<td>-11.1%</td>
<td>-9.9%</td>
<td>-10.1%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>One-off items</td>
<td>-555</td>
<td>22</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>4,129</td>
<td>5,387</td>
<td>7,050</td>
<td>-23.4%</td>
</tr>
<tr>
<td>Normalized EBIT</td>
<td>4,684</td>
<td>5,365</td>
<td>7,054</td>
<td>-12.7%</td>
</tr>
<tr>
<td>Normalized EBIT margin (%)</td>
<td>14.4%</td>
<td>17.8%</td>
<td>17.2%</td>
<td>-3.4%</td>
</tr>
<tr>
<td><strong>Financial items</strong></td>
<td>-718</td>
<td>-591</td>
<td>-674</td>
<td></td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>-712</td>
<td>-1,203</td>
<td>-1,472</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit from continuing operations</strong></td>
<td>2,699</td>
<td>3,593</td>
<td>4,904</td>
<td>-24.9%</td>
</tr>
<tr>
<td><strong>Discountinued operations</strong></td>
<td>-</td>
<td>-7</td>
<td>-7</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>2,699</td>
<td>3,586</td>
<td>4,897</td>
<td>-24.7%</td>
</tr>
</tbody>
</table>
Currency movements YTD

EUR/EUR pegged and RUB currencies represent 57% of external sales and 73% of EBITDA
Depreciation

Depreciation and Depreciation as a percentage of net sales

Change year-on-year for Q3
- Acquisition of Network Norway: SEK 80 million
- Upgrade/replacement of networks in the Baltics: SEK 65 million
- Reduction in Sweden: SEK -55 million
- Growth Russia and Kazakhstan: SEK 61 million

SEK million

- Q3 ’11
- Q4 ’11
- Q1 ’12
- Q2 ’12
- Q3 ’12

Depreciation
Depreciation of net sales (%)
## Financial items

### Financial items in income statement

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income/costs</td>
<td>-259</td>
<td>-180</td>
<td>-710</td>
<td>-308</td>
<td>-483</td>
</tr>
<tr>
<td>Exchange rate differences, external</td>
<td>-12</td>
<td>-11</td>
<td>-19</td>
<td>-53</td>
<td>-24</td>
</tr>
<tr>
<td>Exchange rate differences, intragroup</td>
<td>88</td>
<td>-53</td>
<td>135</td>
<td>-92</td>
<td>13</td>
</tr>
<tr>
<td>Other financial items</td>
<td>-36</td>
<td>-43</td>
<td>-124</td>
<td>-138</td>
<td>-180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-219</strong></td>
<td><strong>-287</strong></td>
<td><strong>-718</strong></td>
<td><strong>-591</strong></td>
<td><strong>-674</strong></td>
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### Financial items in cash flow statement

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>-154</td>
<td>-76</td>
<td>-388</td>
<td>-150</td>
<td>-366</td>
</tr>
</tbody>
</table>
## Taxes

### Taxes in income statement

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<thead>
<tr>
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<th>Q3 2012</th>
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<tbody>
<tr>
<td>Normal</td>
<td>-380</td>
<td>-431</td>
</tr>
<tr>
<td>One-off</td>
<td>262</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-118</td>
<td>-431</td>
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<th>YTD 2012</th>
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<th>FY 2011</th>
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<tr>
<td>Normal</td>
<td>-974</td>
<td>-1,203</td>
<td>-1,580</td>
</tr>
<tr>
<td>One-off</td>
<td>262</td>
<td>-</td>
<td>108</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-712</td>
<td>-1,203</td>
<td>-1,472</td>
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### Taxes in cash flow statement

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</tr>
<tr>
<td>One-off</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-178</td>
<td>-235</td>
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<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>-492</td>
<td>-785</td>
<td>-948</td>
</tr>
<tr>
<td>One-off</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-492</td>
<td>-785</td>
<td>-948</td>
</tr>
</tbody>
</table>

- One time valuation of deferred tax assets in Austria SEK +262 million
- Deferred tax assets at year to date amounted to SEK 2.5 billion (Dec 2011: SEK 3 billion)
## Cash flow

### OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Q3 2012</th>
<th>Q3 2011</th>
<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operations, excl. taxes and interest</td>
<td>2,866</td>
<td>2,978</td>
<td>8,165</td>
<td>8,402</td>
<td>11,261</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-154</td>
<td>-76</td>
<td>-388</td>
<td>-150</td>
<td>-366</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>-178</td>
<td>-235</td>
<td>-492</td>
<td>-785</td>
<td>-948</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>244</td>
<td>59</td>
<td>-421</td>
<td>-205</td>
<td>-257</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>2,778</strong></td>
<td><strong>2,726</strong></td>
<td><strong>6,864</strong></td>
<td><strong>7,262</strong></td>
<td><strong>9,690</strong></td>
</tr>
</tbody>
</table>

### INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Q3 2012</th>
<th>Q3 2011</th>
<th>YTD 2012</th>
<th>YTD 2011</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPEX</td>
<td>-1,076</td>
<td>-1,142</td>
<td>-3,323</td>
<td>-3,819</td>
<td>-5,572</td>
</tr>
<tr>
<td><strong>Cash flow after CAPEX</strong></td>
<td><strong>1,702</strong></td>
<td><strong>1,584</strong></td>
<td><strong>3,541</strong></td>
<td><strong>3,443</strong></td>
<td><strong>4,118</strong></td>
</tr>
<tr>
<td>Shares and other financial assets</td>
<td>3</td>
<td>51</td>
<td>-200</td>
<td>-3</td>
<td>-1,563</td>
</tr>
<tr>
<td><strong>Cash flow after investing activities</strong></td>
<td><strong>1,705</strong></td>
<td><strong>1,635</strong></td>
<td><strong>3,341</strong></td>
<td><strong>3,440</strong></td>
<td><strong>2,555</strong></td>
</tr>
</tbody>
</table>
Pro forma financial debt profile

Sources of funding

SEK billion

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

Revolving Credit Facility
Russian bond
Commercial paper
Swedish bond
Norwegian bond
Other financing
Put option Kazakhstan
Cash
Pro forma net debt

12.8  12.1  16.9  15.2
Debt position and ratio

Pro forma net debt / EBITDA 12 m rolling

SEK billion / Ratio

Q4 '11 | Q1 '12 | Q2 '12 | Q3 '12
--- | --- | --- | ---
12.8 | 12.1 | 16.9 | 15.2
2.9 | 2.9 | 2.9 | 2.9

Pro forma net debt / EBITDA 12 m rolling

- Pro forma net debt
- Ordinary dividend (paid May 2012)
- Extraordinary dividend (paid May 2012)
- Leverage net
Group financials

**Group EBITDA and Group EBITDA margin**

*SEK million*

Q3 ’11 | Q4 ’11 | Q1 ’12 | Q2 ’12 | Q3 ’12
---|---|---|---|---
Group EBITDA margin: 30%

**Group CAPEX (BS) and CAPEX/Sales**

*SEK million*

Q3 ’11 | Q4 ’11 | Q1 ’12 | Q2 ’12 | Q3 ’12
---|---|---|---|---
CAPEX/Sales: 30%

**Group Net Sales**

*SEK million*

Q3 ’11 | Q4 ’11 | Q1 ’12 | Q2 ’12 | Q3 ’12
---|---|---|---|---

**ROCE (Normalized)**

*Percent*

Q3 ’11 | Q4 ’11 | Q1 ’12 | Q2 ’12 | Q3 ’12
---|---|---|---|---
22% | 19% | 16% | 16% | 21%
Agenda

- About Q3 2012
- Financial review
- Concluding remarks
Concluding remarks

Continue to grow as an operator

Manage the shift from voice to data

Continue to migrate from prepaid to postpaid

Exploit new services and opportunities by offering our customers what they need for less
Q&A