

# Full Year and Fourth Quarter 2012 Reports

## Q4 2012 Highlights

### Net sales growth for the group of 6 percent excluding exchange rate differences

- Net sales amounted to SEK 11,275 (10,852) million corresponding to a growth excluding exchange rate difference of 6 percent in the quarter. EBITDA in Q4 2012 amounted to SEK 2,672 (2,873) million, equivalent to an EBITDA margin of 24 (26) percent.

### Good customer intake in market area Russia

- In Q4 2012, Tele2 Russia added 373,000 (250,000) customers, resulting in a total customer base of 22.7 (20.6) million. EBITDA amounted to SEK 1,243 (1,209) million, equivalent to an EBITDA margin of 37 (40) percent.

### Sustained mobile revenue growth in market area Nordic

- Mobile revenue in Sweden grew by 6 percent, as customer demand for smartphones and data services increased further during the quarter. The mobile EBITDA contribution in the quarter was SEK 748 (798) million due to increasing demand for high-end smartphones resulting in higher subsidies. Tele2 Norway performed according to plan during the

quarter, focusing on rolling out the country's third mobile network.

### Maintained operational progress in market area Central Europe & Eurasia

- During the quarter, Tele2 Kazakhstan continued to expand its market share and added 361,000 (249,000) new customers in the quarter. The total customer base amounted to 3.4 (1.4) million. The Baltic operations experienced further price competition tackled with increased marketing efforts.

### Significant progress within mobile in market area Western Europe

- During the quarter, Tele2 Netherlands successfully secured mobile licences for next generation mobile data services. Operationally, the company continued its marketing push within the mobile segment, adding 55,000 (2,000) customers. Tele2 Austria continued its steady operational development thanks to a combination of innovative product offers and tight cost control. Tele2 Germany experienced as expected further deterioration within the fixed telephony segment, which was partly offset by successful efforts within fixed via mobile offers.

Net sales Q4 2012

**11,275**

SEK million

EBITDA Q4 2012

**2,672**

SEK million

### The Board of Directors proposed a dividend for 2012 amounting to SEK 7.10

- The Board of Tele2 AB decided to recommend an increase in the ordinary dividend of 9 percent to SEK 7.10 (6.50) per share in respect of the financial year 2012.

## Key Financial Data

SEK million	Q4			FY		
	2012	2011	%	2012	2011	%
Net Sales	11,275	10,852	4	43,726	41,001	7
Net Sales excluding exchange rate differences	11,275	10,661	6	43,726	40,411	8
EBITDA	2,672	2,873	-7	10,960	11,212	-2
EBITDA excluding exchange rate differences	2,672	2,811	-5	10,960	11,010	0
EBIT	1,524	1,663		5,653	7,050	
EBIT excluding one-off items	1,527	1,689		6,211	7,054	
Net Profit	565	1,310		3,264	4,751	
Earnings per share, after dilution (SEK)	1.26	2.93		7.30	10.65	

The figures presented in this report refer to Q4 2012 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2011.

**TELE2**

---

# CEO Word, Q4 2012

Tele2 continued to show sustainable revenue and subscriber growth during the fourth quarter of 2012, although profitability was below our expectations. Several of our established markets, notably in Sweden and Russia, are reaching maturity while we continue to invest in new products and territories to fulfil our ambitions as a growth company, particularly in Kazakhstan, Norway and the Netherlands.

Russia performed well. Our subscriber base grew at a satisfactory rate during the quarter. We intend to be even more competitive on price and launch our newest regions in an efficient manner, which will affect the general business in the short term, with increased marketing and network development costs in our 2G only services. This underscores our strong belief in many more years of robust development in our Russian operations.

Sweden is one of the few markets in Europe experiencing continued mobile service revenue growth, though predominantly in smartphones. Our Swedish operation showed accelerated growth during the quarter, while experiencing some pressure on margins in a very mature market. Customers demand and consume even more services on mobile devices, and have caused competitors and vendors to subsidise handset sales excessively, thereby increasing operating costs.

Our Norwegian operation sustained its swift roll out of the country's third mobile network. Increased marketing efforts also maintained the pace of our gain in market share necessary to create a healthy business. Going into 2013, we have to recognise operating with a symmetric termination, making it increasingly important for us to reach a critical mass.

Tele2 Kazakhstan is again the group's outperformer. The company continued to benefit from a solid customer momentum and the broad awareness that it offers the best prices in the market together with a strong data and value proposition. Nevertheless, good intake is still counterbalanced by relatively low usage. All the conditions - namely

---

**“Tele2 is now set to develop its next areas of growth. This calls for extraordinary focus by our organization. To be successful we need to push and challenge ourselves – and continue to do the unexpected.”**

---

good network and data services – are now established to encourage our customers to use more of our services.

Our operations in Estonia, Latvia and Lithuania stayed on a steady course, weathered by sustained competitive pressures.

I would like to highlight our success in securing 4G licences in the Netherlands in the 800 MHz band during a recent multiband frequency auction, as a perfect complement to our existing spectrum portfolio. This creates an excellent opportunity for us to fulfil in the country Tele2's main business purpose, the development of mobile services on our own infrastructure, and be the new challenger in the 4G arena. Now the really hard work can start.

Tele2 Austria executed its strategy well, dominating its niche residential and SME markets.

In Germany, we delivered stable EBITDA margins and rolled out our new mobile products further which are already making a meaningful financial contribution.

Tele2 is now set to develop its next areas of growth. This calls for extraordinary focus by our organization. To be successful we need to push and challenge ourselves – and continue to do the unexpected. Our growth ambition is tempered by stringent cost management, to ensure that we keep control when catching the next great wave of growth.

Mats Granryd  
*President and CEO, Tele2 AB*

# Financial Overview

Tele2's financial performance is driven by relentless focus on developing mobile services on own infrastructure, complemented in certain countries by fixed broadband services and business-to-business offerings. Mobile sales, which grew compared to the same period last year, and greater efforts to develop mobile services on own infrastructure have further improved Tele2's EBITDA contribution. The group will concentrate on maximizing the return from fixed-line operations, as their customer base continues to decline.

**Net customer intake** amounted to 491,000 (103,000) in Q4 2012. The customer intake in mobile services amounted to 717,000 (346,000). This trend was mainly driven by a good customer intake in Tele2 Russia and in Tele2 Kazakhstan, whose customer bases grew by 373,000 (250,000) and 361,000 (249,000) customers respectively. The fixed broadband customer base lost –24,000 (–17,000) customers in Q4 2012, primarily attributable to Tele2's operation in the Netherlands. As expected, the number of fixed telephony customers fell in Q4 2012. On December 31, 2012 the total customer base amounted to 38,162,000 (34,186,000) due to a continued growth in mobile services.

**Net sales in** Q4 2012 amounted to SEK 11,275 (10,852) million corresponding to a growth excluding exchange rate differences and one-off items of 6 percent. The revenue development was mainly a result of sustained success in mobile services.

**EBITDA** in Q4 2012 amounted to SEK 2,672 (2,873) million, equivalent to an EBITDA margin of 24 (26) percent. The EBITDA development was impacted by normal seasonality with higher subsidies in the mobile segment.

**EBIT** in Q4 2012 amounted to SEK 1,527 (1,689) million excluding one-off items<sup>1)</sup>. Including one-off items, EBIT amounted to SEK 1,524 (1,663) million. The EBIT development was negatively impacted by

1) See section EBIT on page 20

SEK –52 million (Note 2) as a result of an accelerated depreciation of network equipment in the Baltic region in preparation for a network replacement. EBIT was also negatively impacted by one-off items amounting to SEK –3 (–26) million.

**Profit before tax** in Q4 2012 amounted to SEK 1,164 (1,580) million.

**Net profit** in Q4 2012 amounted to SEK 565 (1,310) million. Reported tax for Q4 2012 amounted to SEK –599 (–270) million. The increase in reported tax was mainly related to withholding tax on dividend in Russia of SEK –223 million. Tax payment affecting cash flow amounted to SEK –497 (–163) million.

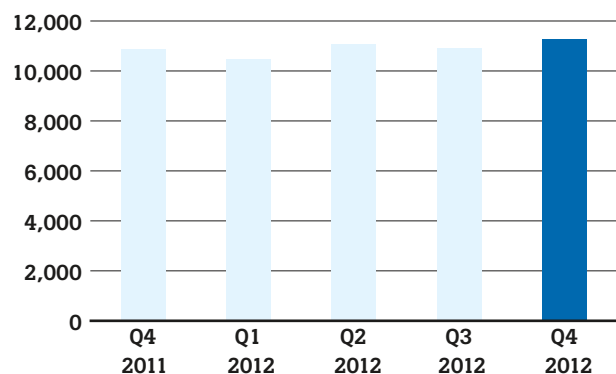
**Cash flow after CAPEX** in Q4 2012 amounted to SEK 529 (675) million.

**CAPEX** in Q4 2012 amounted to SEK 1,478 (1,850) million, driven mainly by further network expansion in Sweden, Norway, Russia and Kazakhstan.

**Net debt** amounted to SEK 15,745 (13,518) million on December 31, 2012, or 1.44 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 12,933 (9,986) million (Note 10 for further information on financial debt).

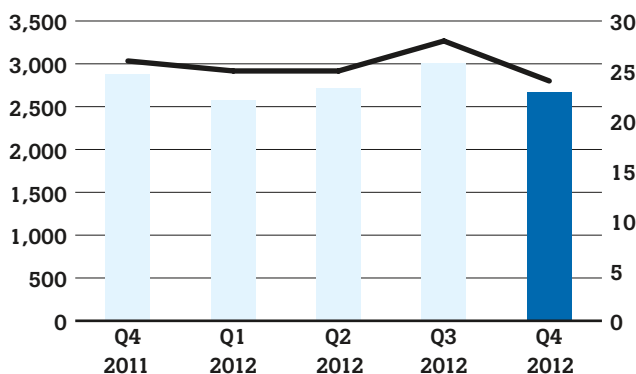
## Net sales

MSEK



## EBITDA and EBITDA margin

MSEK/Percent



## FINANCIAL GUIDANCE

Tele2's objective is to maintain a healthy balance between growth regions and more mature markets and to be established in Europe and Eurasia. Tele2's core markets should be characterized in the longer term by:

- The capability to reach a top 2 position in terms of customer market share, in an individual country or region.
- A mobile operation based on own infrastructure should return at least 35 percent EBITDA margin excluding equipment sales.
- All operations in the group should have at least 24 percent return on capital employed (ROCE).

### Tele2 group forward looking statement

The following assumptions should be taken into account when estimating 2013 results for the group:

- The tax payment will affect cash flow by approximately SEK 1,000 million.
- Tele2 forecasts a capex level of approximately SEK 7,400 million (whereof licences for 4G/LTE SEK 1,400 million).

### Tele2 Sweden forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Swedish mobile operations in 2013:

- Tele2 expects total revenue of between SEK 10,100–10,300 million.
- Tele2 expects EBITDA of between SEK 2,900–3,100 million.

### Tele2 Norway forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Norwegian mobile operations in 2013:

- Tele2 expects total revenue of between SEK 4,200–4,300 million.
- Tele2 expects EBITDA of between SEK 70–80 million.
- Tele2 expects capex of between SEK 900–1,000 million.

### Tele2 Russia forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Russian mobile operations in 2013:

- Tele2 expects total revenue of between SEK 13,700–13,800 million.
- Tele2 expects EBITDA of between SEK 4,800–4,900 million.

### Tele2 Netherlands forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Dutch mobile operations in 2013:

- Tele2 expects total revenue of between SEK 1,600–1,700 million.
- Tele2 expects EBITDA of between SEK –50 to –75 million.
- Tele2 expects capex of between SEK 2,000–2,500 million, whereof licences for 4G/LTE SEK 1,400 million.
- The mobile operations should reach EBITDA break-even 3 years after commercial launch of 4G/LTE services.

### Tele2 Kazakhstan forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the Kazakh mobile operations in 2013:

- Tele2 expects total revenue of between SEK 1,700–1,800 million.
- Tele2 expects EBITDA of between SEK –100 to –200 million.
- Tele2 expects capex of between SEK 550–650 million.
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.

### Shareholder remuneration

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

In respect of the financial year 2012, the Board of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) in May 2013 an ordinary dividend payment of SEK 7,10 (6,50) per ordinary A or B share. The Board of Tele2 AB has decided not to pay an extraordinary dividend for the financial year 2012.

### Balance sheet

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

## SIGNIFICANT EVENTS IN THE QUARTER

- Tele2 AB entered into loan agreement with Nordic Investment Bank.
- Tele2 AB held a capital markets day in December 2012.
- Tele2 AB successfully placed a 2.25 year bond in the Swedish bond market amounting to SEK 750 million.
- Tele2 Netherlands obtained 2x 10 MHz spectrum (2 licences) in the 800 MHz band during the multiband frequency auction in the Netherlands. The cost of the two licences is SEK 1.4 billion. They were subsequently paid and recognized as assets in January 2013.

- Tele2 AB announced that Dmitry Strashnov left the company after four years as CEO of Tele2 Russia. Mamuka Markhulia was appointed acting CEO.

### Subsequent events

- Tele2 issued a SEK 500 million bond with one single investor.

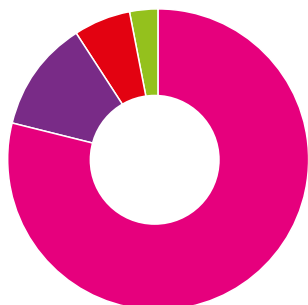
SEK million	Q4 2012	Q4 2011	FY 2012	FY 2011
<b>Mobile<sup>1)</sup></b>				
Net customer intake (thousands)	717	346	4,572	3,413
Net sales	8,934	8,100	33,904	29,668
EBITDA	2,076	2,159	8,431	8,440
EBIT	1,224	1,322	4,856	5,625
CAPEX	1,181	1,488	4,160	4,727
<b>Fixed broadband<sup>1)</sup></b>				
Net customer intake (thousands)	-24	-17	-69	-70
Net sales	1,346	1,492	5,566	6,022
EBITDA	321	387	1,357	1,475
EBIT	96	138	450	535
CAPEX	135	177	584	643
<b>Fixed telephony<sup>1)</sup></b>				
Net customer intake (thousands)	-202	-226	-541	-573
Net sales	662	854	2,865	3,655
EBITDA	212	276	966	1,090
EBIT	184	235	857	911
CAPEX	14	23	45	70
<b>Total</b>				
Net customer intake (thousands)	491	103	3,962	2,770
Net sales	11,275	10,852	43,726	41,001
EBITDA	2,672	2,873	10,960	11,212
EBIT <sup>2)</sup>	1,524	1,663	5,653	7,050
CAPEX	1,478	1,850	5,336	6,105
EBT	1,164	1,580	4,575	6,376
Net profit	565	1,310	3,264	4,751
Cash flow from operating activities	1,815	2,428	8,679	9,690
Cash flow after CAPEX	529	675	4,070	4,118

<sup>1)</sup> Excluding one-off items (see section EBIT on page 20).

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

## Net sales per product area, Q4 2012

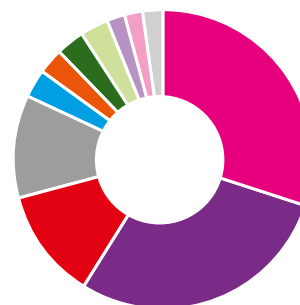
Percent



Mobile	79%	Fixed telephony	6%
Fixed broadband	12%	Other	3%

## Net sales per country, Q4 2012

Percent



Russia	30%	Croatia	3%
Sweden	29%	Kazakhstan	3%
Netherlands	12%	Latvia	2%
Norway	11%	Germany	2%
Austria	3%	Estonia	2%
Lithuania	3%	Other	0%



# Overview by region

## EXTERNAL SALES LESS EXCHANGE RATE FLUCTUATIONS

	2012 Q4	2011 Q4 <sup>1)</sup>	Growth	2012 Full year	2011 Full year <sup>1)</sup>	Growth
Sweden	3,229	3,156	2%	12,698	12,575	1%
Norway	1,222	1,220	0%	4,749	3,338	42%
Russia	3,402	2,958	15%	12,984	11,311	15%
Estonia	228	209	9%	886	809	10%
Lithuania	304	319	-5%	1,205	1,209	0%
Latvia	279	261	7%	1,036	1,068	-3%
Croatia	360	302	19%	1,321	1,241	7%
Kazakhstan	294	160	84%	957	352	170%
Netherlands	1,330	1,380	-4%	5,267	5,612	-6%
Germany	225	258	-13%	946	1,056	-10%
Austria	334	325	3%	1,353	1,326	2%
Other	68	113	-40%	324	514	-37%
	<b>11,275</b>	<b>10,661</b>	<b>6%</b>	<b>43,726</b>	<b>40,411</b>	<b>8%</b>
FX effects		191	-2%		590	-1%
<b>Total</b>	<b>11,275</b>	<b>10,852</b>	<b>4%</b>	<b>43,726</b>	<b>41,001</b>	<b>7%</b>

<sup>1)</sup> Adjusted for fluctuations in exchange rates.

## NORDIC

The Nordic market area delivers strong cash flow to the Tele2 group and is the test bed for new services.

### Sweden

**Mobile** In Q4 2012, strong demand for handsets continued to support the shift from prepaid to postpaid in the market. The smartphone installed base in the postpaid segment pursued its growth and was 75 percent at the end of the quarter.

In Q4 2012, the market was characterized by fairly stable price levels. Tele2 Sweden saw a greater demand for high-end smartphones than expected, resulting in increased expansion costs. Consequently, the EBITDA contribution in the quarter amounted to SEK 748 (798) million representing an EBITDA margin of 29 (33) percent. The demand for high-end smartphones is costly in the short term but has a positive impact on the operations in the longer term. To mitigate the effect, Tele2 Sweden reduced commissions and subsidies and increased prices on the most popular subscriptions 'Volym'. Tele2 Sweden expects continued spend on handsets going forward as a result of subscriptions and handset bundles.

During Q4 2012, the brand Comviq launched the distribution concept Comviq To-Go with partner Reitan Convenience Sweden. This partnership enables broad distribution at low costs and has been well received by the market. This is a step in differentiating the Comviq brand, where low cost distribution secures low customer prices. Furthermore, Comviq successfully launched a fixed fee prepaid price plan.

As a result of a better pricing environment in combination with a solid postpaid intake, net sales grew by 6 percent in the quarter. Service revenue including interconnect grew by 7 percent in Q4 2012. The positive trend with growing demand for mobile services is expected to continue during 2013.

Tele2 Sweden continued the roll-out of the combined 2G and 4G networks in the joint venture Net4Mobility, covering at the end of Q4 2012 more than 224 municipalities and 8.3 million people, with what will become the most extensive 4G network in the country. With this new network, Tele2 Sweden will improve 2G coverage by installing 20 percent more base stations. During the quarter, Tele2

## EBITDA LESS EXCHANGE RATE FLUCTUATIONS

	2012 Q4	2011 Q4 <sup>1)</sup>	Growth	2012 Full year	2011 Full year <sup>1)</sup>	Growth
Sweden	859	911	-6%	3,365	3,665	-8%
Norway	-16	-53	70%	214	22	970%
Russia	1,243	1,196	4%	4,744	4,420	7%
Estonia	54	55	-2%	236	225	5%
Lithuania	87	116	-25%	432	433	-1%
Latvia	89	90	-1%	358	372	-4%
Croatia	9	22	-59%	60	74	-19%
Kazakhstan	-83	-107	22%	-387	-412	6%
Netherlands	361	475	-24%	1,549	1,738	-11%
Germany	41	98	-58%	278	338	-18%
Austria	78	87	-10%	333	313	6%
Other	-50	-79	37%	-222	-178	-25%
	<b>2,672</b>	<b>2,811</b>	<b>-5%</b>	<b>10,960</b>	<b>11,010</b>	<b>0%</b>
FX effects		62	-2%		202	-2%
<b>Total</b>	<b>2,672</b>	<b>2,873</b>	<b>-7%</b>	<b>10,960</b>	<b>11,212</b>	<b>-2%</b>

Sweden started the LTE roll-out in order to improve coverage and also made preparations for the LTE1800 roll-out, which will further strengthen the network in terms of 4G capacity.

In the business segment, Q4 2012 showed continued improved intake in the Communication as a Service area, as well as a growth in customer base and overall EBITDA.

In the large enterprise segment within business, Tele2 Sweden won several full service contracts, in both the public and private sectors, and sees good growth potential going forward. In the SME segment, Tele2 Sweden delivered satisfactory net intake with increased ASPU levels.

**Fixed broadband** Despite a negative customer intake in the fixed broadband customer base, the development was positive within the fibre segment, driven mainly by increased interest in triple play offerings. The EBITDA contribution in the quarter was SEK 14 (14) million. The EBITDA margin for the fixed broadband segment was 4 (4) percent.

**Fixed telephony** The EBITDA contribution in the quarter was SEK 72 (89) million. Tele2 Sweden reported an EBITDA margin of 28 (28) percent during Q4 2012 and saw, as expected, a continued decrease in demand for fixed telephony.

In the quarter, the fixed line customer stock was negatively impacted by the closing down of the dial-up internet service, which had no revenue impact (see Note 1).

### Norway

**Mobile** Tele2 Norway had a successful quarter with a net intake of 15,000 (-12,000). In the residential market, sales campaigns focused on smartphones bundled with fixed fee subscriptions. All brands aimed to increase the share of fixed fee subscriptions in order to secure revenue streams.

In the quarter, Tele2 Norway reported revenues of SEK 1,153 (1,128) million. The reduction in termination rates was compensated by higher customer revenue, as a result of a growing customer base and an increasing share of fixed fee subscriptions.

Tele2 Norway reached an EBITDA contribution of SEK –28 (–67) million in Q4 2012, equalling an EBITDA margin of –2 (–6) percent during the quarter, impacted as planned by high sales and marketing costs as demand for subsidised handsets was strong during the quarter. The operational performance was supported by the fact that more traffic volume moved to Tele2's own network.

The network roll-out was delayed mainly due to colocation problems with some of the competitors. The colocation problems have been brought to the attention of the Regulator and the Department of Transport and Communications.

**Fixed telephony** Fixed telephony showed a stable development of revenue and profitability during Q4 2012. Fixed telephony had an EBITDA contribution of SEK 12 (15) million in the quarter. Tele2 Norway reported an EBITDA margin of 17 (19) percent during the quarter.

## RUSSIA

Russia is Tele2's largest market. The company has GSM licences in 43 regions covering approximately 62 million inhabitants. Tele2 Russia's strategy is to have a balanced approach to rolling out new regions, while maintaining a stable profitability in the more mature regions.

**Mobile** The overall operational development in the quarter was characterised by a balanced competitive environment in combination with a robust customer intake. Tele2 Russia continued to pursue market share during the quarter, especially in regions that have not yet reached critical mass. Through a combination of launch costs for new regions in the Far East and increased cost of acquiring new subscribers, Tele2 Russia experienced some margin contraction during Q4 2012. Going forward the company will maintain its ambition to stay competitive in the market and grow its customer base, leading to a maintained level of marketing expenses. In the quarter, EBITDA amounted to SEK 1,243 (1,209) million, equivalent to a margin of 37 (40) percent. EBITDA was negatively impacted by SEK –45 million, the majority of which was related to an inventory write down.

The total customer base grew by 373,000 (250,000) (see Note 1) in Q4 2012 divided into 141,000, 105,000 and 127,000 customers for the months of October, November and December respectively. During the last 12 months, Tele2 Russia's customer base has grown by 2.1 million new users, proving that there is a continued solid demand for the company's services despite competitors' introduction of 3G services. The total customer base amounted to 22.7 (20.6) million at the end of Q4 2012. The churn level of the total customer base was steady during the quarter, helped by a fairly stable market environment. Tele2 Russia will maintain its effort to be best in class in customer retention and continue to work with a commission structure to the retail channels in order to further enhance the quality of customer intake.

Despite an impact from customer base growth in newcomer and challenger regions with lower initial service usage, and generally high competitive pressure throughout Tele2 Russia's footprint, MoU for the total operations increased by 7 percent compared to the year-earlier period, amounting to 265 (247). ARPU was SEK 50 (49) or RUB 235 (224).

On the regulatory side, the time schedule for testing the viability of technology neutrality was clarified by the State Commission for Radio Frequency (GKRCh). The deadline for handing in test results is set to

the 1st of June 2013. Tele2 expects that the regulatory authorities will maintain their established support to the regional operators.

Tele2 Russia will keep looking for possibilities to carefully expand its operations through new licences as well as by complementary acquisitions.

## CENTRAL EUROPE AND EURASIA

Tele2's Baltic operations will remain focused on generating a strong cash flow. Tele2 Croatia is the challenger in the market offering both mobile telephony and mobile broadband. Tele2 Kazakhstan's operation is the group's outperformer when it comes to growth.

### Kazakhstan

**Mobile** The intensive growth of mobile voice and data traffic consumption continued during the quarter. Tele2's achievements in Kazakhstan proved very satisfactory in terms of customer intake thanks to a good value proposition in both the voice and data segments. Customer intake amounted to 361,000 (249,000) subscribers during the quarter and Tele2 Kazakhstan's total customer base reached 3.4 (1.4) million by the end of the year.

Tele2 Kazakhstan launched its new concept of monobrand stores in Q4 2012, resulting in significantly reduced service time and increased customers satisfaction.

Further network expansion, quality and coverage improvement, especially in small towns and rural areas, will allow the company to increase its commercial activity and attract new customers in the different regions of the country. Over 1000 new sites were launched during 2012, reaching a population coverage of 80 % at the end of the quarter. Tele2 Kazakhstan focused on the development of data network quality, and will pursue network deployment into 2013 to have a geographic coverage comparable to that of its competitors.

The company will also continue to work toward getting more competitive interconnect levels in the country to lay the foundation for even more attractively priced offerings in the market.

### Estonia

**Mobile** Despite acceleration in price pressure in the market, Tele2 Estonia continued to execute its growth strategy and kept its position on price perception by means of strong media and PR campaigns, resulting in positive net intake in the postpaid segment.

EBITDA development was negative during the quarter, due to very fierce price wars in the postpaid segment, and existing customers converting to cheaper tariff plans.

During Q4 2012, Tele2 Estonia launched LTE services in Tallin after completing its initial round of LTE rollout in compliance with licence obligations. Tele2 Estonia was the second mobile operator in the country to open its 4G network and this news was positively received by the market.

Tele2 Estonia will continue to upgrade its network in order to enhance its efficiency and best serve the customers' needs.

### Lithuania

**Mobile** During Q4 2012, Tele2 Lithuania managed to further strengthen its position related to customer share in spite of increased competitive pressure.

Thanks to successful sales and marketing activities, Tele2 Lithuania achieved a positive postpaid customer intake of 22,000 (28,000) during the quarter, handling the prepaid to postpaid migration efficiently.

Besides, Tele2 Lithuania managed to defend its prepaid customer base from churning to competitors amid increased price competition in the market.

Revenue decreased compared to the same period last year due to a negative impact derived from lower interconnect rates.

In Q4 2012, EBITDA margin declined, as a result of high postpaid customer intake, leading to higher acquisitions costs. More particularly, gross postpaid customer intake and extensions in Q4 2012 grew in Q4 2011. But also total selling and marketing costs increased during the same period. That was mainly due to high competition on handset pricing, resulting in increased subsidies.

Tele2 Lithuania will keep focusing on growing its market share in the business segment, benefiting from general price sensitivity among private companies and state-owned organizations. Moreover, Tele2 will continue to capitalize on the mobile data momentum and further develop infrastructure in terms of coverage, capacity and data capabilities through a network upgrade.

#### **Latvia**

**Mobile** Tele2 Latvia demonstrated strong financial performance during Q4 2012, delivering high levels of profitability in a competitive market.

Proceeding with the modernisation of its network, the company ensured operational efficiency to keep up with increasing demand for mobile data.

During the quarter, Tele2 Latvia introduced new, attractive offers in the market and secured a leading position in active voice customers.

The company will continue to develop its market position by maintaining price leadership and targeting postpaid and business customer segments.

#### **Croatia**

**Mobile** Tele2 Croatia experienced growth in the residential post-paid voice segment during Q4 2012 in a highly competitive market. In the residential segment, advertising campaigns focused on Christmas offers resulted in a good intake of postpaid customers. The company continued to concentrate its efforts on the business segment by delivering a wide range of voice/data services offering the best price and good quality primarily to small and middle sized companies.

During the quarter, Tele2 Croatia reached the adjusted EBITDA margin guidance for 2012. Moving forward, the company will continue to work on profitability and on further growing its customer base.

### **WESTERN EUROPE**

#### **The Netherlands**

Q4 2012 showed revenue growth, mainly due to strong postpaid mobile intake. Furthermore, revenue generated by the business segment increased compared to the previous quarter. The EBITDA was negatively impacted by the acquisition costs related to post-paid mobile intake.

**Mobile** Tele2 was able to maintain its growth momentum in both the postpaid and prepaid segments during Q4 2012. Increased customer intake in owned, online and retail channels resulted in higher acquisition expenditure, affecting EBITDA negatively during the quarter.

A multiband frequency auction took place in the country that was concluded December, during which Tele2 Netherlands obtained 2x10MHz blocks in the 800MHz band in addition to the 2x 20MHz blocks in the 2.6GHz spectrum bought by the company in 2010. The licences were recognized on January 1st 2013 and have a duration of 17 years.

**Fixed Broadband** Tele2 Netherlands' Fixed Broadband base declined slightly during the quarter. In Q4 2012, the first 'fiber to the home' customers were activated. The expansion of the Fixed Broadband portfolio enables Tele2 Netherlands to defend its position in the residential market. The business segment continued its solid performance during the quarter.

#### **Germany**

Tele2 Germany showed a solid financial performance in Q4 2012, balancing the growth in the mobile segment and the profitability focus in the fixed and broadband segments. The EBITDA contribution declined during the quarter due to legal activities with a one-time effect and higher acquisition cost on Fixed Via Mobile resulting from an intake shift from CPS migration to new customers.

**Mobile** Tele2 Germany managed to further grow its mobile customer base in Q4 2012. The intake run rate, as well as activation rates, remained on a stable level while the intake source saw a shift from the migration of CPS (Carrier Pre-Select) customers to the acquisition of new customers. The demand for combined Internet and telephony products increased visibly during the quarter.

**Fixed Broadband** In Q4 2012, continued focus on customer base management resulted in further stabilization of the customer base.

**Fixed Telephony** Despite the general decline in the fixed market, Tele2 Germany continued to deliver strong cash flows from this segment due to strict performance-driven management. Although the call-by-call market was negatively affected by the implementation of new legal requirements, Tele2 Germany managed to limit negative effects and ended the quarter with better than planned results.

#### **Austria**

In Q4 2012, Tele2 Austria demonstrated steady financial performance as a consequence of a strong sales focus across all business segments and continued emphasis on cost control. Tele2 Austria maintained its efforts to grow the business segment during the quarter, ending the year with an increased net intake compared with Q4 2011. Furthermore, Tele2 Austria delivered an all-time high EBITDA and cash performance in Q4 2012.

**Fixed broadband** Successful campaign management in the residential segment contributed to reducing churn and stabilized the customer base. With an increased sales capacity and the support of Silver Server's customer base, the company was able to outperform broadband intake levels.

**Fixed telephony** Smart packaging with broadband services and attractive tariffs helped deliver high order intake in that segment during the quarter.



## OTHER ITEMS

### Risks and uncertainty factors

Tele2's operations are affected by a number of external factors. The risk factors considered to be most significant to Tele2's future development are operating risks such as the availability of frequencies and telecom licences, operations in Russia and Kazakhstan, network sharing with other parties, integration of new business models, destructive price competition, changes in regulatory legislation, and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in Tele2's annual report for 2011 (see Directors' report and Note 2 of the report for a detailed description of Tele2's risk exposure and risk management), no additional significant risks are estimated to have developed.

## COMPANY DISCLOSURE

### Tele2 AB (publ) Annual General Meeting 2013

The 2013 Annual General Meeting will be held on May 13, 2013 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to [agm@tele2.com](mailto:agm@tele2.com) or to the Company Secretary, 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 2013 Annual General Meeting

In accordance with the resolution of the 2012 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee consisting of members representing the largest shareholders in Tele2. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik; Åsa Nisell on behalf of Swedbank Robur funds; Thomas Ehlin on behalf of Nordea Investment Funds, and Hans Ek on behalf of SEB Investment Management AB. The members of the Committee will appoint the Committee Chairman at their first meeting. Information about the work of the Nomination Committee can be found on Tele2's corporate website at [www.tele2.com](http://www.tele2.com). Shareholders wishing to propose candidates for election to the Board of Directors of Tele2 AB (publ) should submit their proposal in writing to [agm@tele2.com](mailto:agm@tele2.com) or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE 164 94, Kista, Sweden.

### Other

The annual report 2012 is expected to be released on March 27, 2013 and available on [www.tele2.com](http://www.tele2.com).

Tele2 will release the financial and operating results for the period ending March 31, 2013 on April 18, 2013.

Stockholm, February 5, 2013

Tele2 AB

Mike Parton  
*Chairman*

Lars Berg

Mia Brunell Livfors

Jere Calmes

John Hepburn

Erik Mitteregger

John Shakeshaft

Cristina Stenbeck

Mats Granryd

*President and CEO*

## Review Report

### Introduction

We have reviewed the full year report for Tele2 AB (publ.) for the period January 1 - December 31, 2012. The Board of Directors and the President are responsible for the preparation and presentation of this full year report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this full year report based on our review.

### Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 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 full year 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, February 5, 2013  
Deloitte AB

Thomas Strömberg  
*Authorized Public Accountant*

---

## TELEPHONE CONFERENCE

Tele2 will host a conference call, with an interactive presentation, for the global financial community at 10:00 am CET (09:00 am UK time/04:00 am NY time) on Tuesday, February 5, 2013. The conference call will be held in English and also made available as an audiocast on Tele2's dedicated Q4 2012 website, [reports.tele2.com/2012/Q4](http://reports.tele2.com/2012/Q4).

### Dial-in information

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

### Dial-in numbers

Sweden: +46 8 505 598 53  
UK: +44 203 043 24 36  
US: +1 866 458 40 87

## CONTACTS

### Mats Granryd

President & CEO

Telephone: + 46 (0)8 5620 0060

### Lars Nilsson

CFO

Telephone: + 46 (0)8 5620 0060

### Lars Torstensson

Director, Group Corporate Communication

Telephone: + 46 (0)8 5620 0042

### Tele2 AB

Company registration nr: 556410-8917

Skeppsbron 18

P.O. Box 2094

SE-103 13 Stockholm

Sweden

Tel + 46 (0)8 5620 0060

[www.tele2.com](http://www.tele2.com)

## APPENDICES

Income statement

Comprehensive income

Change in equity

Balance sheet

Cash flow statement

Number of customers

Net sales

Internal sales

EBITDA

EBIT

CAPEX

Key ratios

Parent company

Notes

**VISIT OUR WEBSITE:** [www.tele2.com](http://www.tele2.com)

---

**TELE2 IS ONE OF EUROPE 'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING WHAT OUR CUSTOMERS NEED FOR LESS.** We have 38 million customers in 11 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, cable TV 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 2012, we had net sales of SEK 43.7 billion and reported an operating profit (EBITDA) of SEK 11 billion.

# Income statement

SEK million	Note	2012 Full year	2011 Full year	2012 Q4	2011 Q4
<b>CONTINUING OPERATIONS</b>					
Net sales		43,726	41,001	11,275	10,852
Operating expenses	2	-38,172	-34,178	-9,772	-9,238
Other operating income	3	204	392	43	74
Other operating expenses		-105	-165	-22	-25
<b>Operating profit, EBIT</b>		<b>5,653</b>	<b>7,050</b>	<b>1,524</b>	<b>1,663</b>
Interest income/costs	10	-957	-483	-247	-175
Exchange rate differences, external		-14	-24	5	29
Exchange rate differences, intragroup		59	13	-76	105
Other financial items		-166	-180	-42	-42
<b>Profit after financial items, EBT</b>		<b>4,575</b>	<b>6,376</b>	<b>1,164</b>	<b>1,580</b>
Tax on profit	4, 13	-1,311	-1,625	-599	-270
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>3,264</b>	<b>4,751</b>	<b>565</b>	<b>1,310</b>
<b>DISCONTINUED OPERATIONS</b>					
Net loss from discontinued operations		-	-7	-	-
<b>NET PROFIT</b>		<b>3,264</b>	<b>4,744</b>	<b>565</b>	<b>1,310</b>
<b>ATTRIBUTABLE TO</b>					
Equity holders of the parent company		3,264	4,744	565	1,310
Earnings per share (SEK)	8	7.34	10.69	1.27	2.95
Earnings per share, after dilution (SEK)	8	7.30	10.63	1.26	2.93
<b>FROM CONTINUING OPERATIONS</b>					
Earnings per share (SEK)	8	7.34	10.71	1.27	2.95
Earnings per share, after dilution (SEK)	8	7.30	10.65	1.26	2.93

# Comprehensive income

SEK million	Note	2012 Full year	2011 Full year	2012 Q4	2011 Q4
<b>Net profit</b>		<b>3,264</b>	<b>4,744</b>	<b>565</b>	<b>1,310</b>
OTHER COMPREHENSIVE INCOME					
<b>Components not to be reclassified to net profit:</b>					
Actuarial losses on defined benefit pension plans		-49	-59	-49	-59
Actuarial losses on defined benefit pension plans, tax effect		8	15	8	15
<b>Total components not to be reclassified to net profit</b>		<b>-41</b>	<b>-44</b>	<b>-41</b>	<b>-44</b>
<b>Components that may be reclassified to net profit:</b>					
Exchange rate differences		-358	-163	226	-517
Exchange rate differences, tax effect	4	1,857	17	2,748	-483
Reclassification to net profit of cumulative exchange rate differences from divested companies		16	11	-	7
Gain/loss on cash flow hedges		-37	-133	-9	-26
Gain/loss on cash flow hedges, tax effect		1	35	-6	7
<b>Total components that may be reclassified to net profit</b>		<b>1,479</b>	<b>-233</b>	<b>2,959</b>	<b>-1,012</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>1,438</b>	<b>-277</b>	<b>2,918</b>	<b>-1,056</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>4,702</b>	<b>4,467</b>	<b>3,483</b>	<b>254</b>
ATTRIBUTABLE TO					
Equity holders of the parent company		4,702	4,467	3,483	254

# Change in equity

SEK million	Note	Dec 31, 2012			Dec 31, 2011		
		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		21,449	3	21,452	28,872	3	28,875
Changed accounting principles	11-13	-	-	-	-	-	-
Adjusted equity, January 1		21,449	3	21,452	28,872	3	28,875
Share-based payments	8	50	-	50	44	-	44
New share issues		-	-	-	13	-	13
Sale of own shares	8	6	-	6	46	-	46
Repurchase of own shares		-	-	-	-2	-	-2
Dividends	8	-5,781	-	-5,781	-11,991	-	-11,991
Comprehensive income for the period		4,702	-	4,702	4,467	-	4,467
<b>EQUITY, END OF PERIOD</b>		<b>20,426</b>	<b>3</b>	<b>20,429</b>	<b>21,449</b>	<b>3</b>	<b>21,452</b>

# Balance sheet

SEK million	Note	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
(see Note 11–13)				
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	2, 9	10,174	10,510	10,154
Other intangible assets	2, 9, 13	5,540	5,668	3,802
<b>Intangible assets</b>		<b>15,714</b>	<b>16,178</b>	<b>13,956</b>
Tangible assets	2, 13	18,079	17,885	16,863
Financial assets		105	163	73
Deferred tax assets	4	4,263	2,977	3,296
<b>NON-CURRENT ASSETS</b>		<b>38,161</b>	<b>37,203</b>	<b>34,188</b>
<b>CURRENT ASSETS</b>				
Inventories		473	486	273
Current receivables		8,823	8,084	6,642
Short-term investments		59	65	112
Cash and cash equivalents	7	1,673	1,026	870
<b>CURRENT ASSETS</b>		<b>11,028</b>	<b>9,661</b>	<b>7,897</b>
<b>ASSETS</b>		<b>49,189</b>	<b>46,864</b>	<b>42,085</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Attributable to equity holders of the parent company	4	20,426	21,449	28,872
Non-controlling interests		3	3	3
<b>EQUITY</b>	8	<b>20,429</b>	<b>21,452</b>	<b>28,875</b>
<b>LONG-TERM LIABILITIES</b>				
Interest-bearing liabilities	10	13,240	12,968	1,908
Non-interest-bearing liabilities	4	933	1,114	851
<b>LONG-TERM LIABILITIES</b>		<b>14,173</b>	<b>14,082</b>	<b>2,759</b>
<b>SHORT-TERM LIABILITIES</b>				
Interest-bearing liabilities	10	4,272	1,696	2,516
Non-interest-bearing liabilities		10,315	9,634	7,935
<b>SHORT-TERM LIABILITIES</b>		<b>14,587</b>	<b>11,330</b>	<b>10,451</b>
<b>EQUITY AND LIABILITIES</b>		<b>49,189</b>	<b>46,864</b>	<b>42,085</b>



# Cash flow statement

SEK million	Note	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>OPERATING ACTIVITIES</b>									
Cash flow from operations, excluding paid taxes	2	10,076	10,895	2,299	2,712	2,548	2,517	2,643	2,902
Taxes paid	4	-989	-948	-497	-178	-112	-202	-163	-235
Changes in working capital		-408	-257	13	244	-246	-419	-52	59
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>8,679</b>	<b>9,690</b>	<b>1,815</b>	<b>2,778</b>	<b>2,190</b>	<b>1,896</b>	<b>2,428</b>	<b>2,726</b>
<b>INVESTING ACTIVITIES</b>									
Capital expenditure in intangible and tangible assets, CAPEX	6	-4,609	-5,572	-1,286	-1,076	-1,417	-830	-1,753	-1,142
<b>Cash flow after CAPEX</b>		<b>4,070</b>	<b>4,118</b>	<b>529</b>	<b>1,702</b>	<b>773</b>	<b>1,066</b>	<b>675</b>	<b>1,584</b>
Acquisition of shares and participations	9	-243	-1,589	-14	1	-6	-224	-1,553	1
Sale of shares and participations	9	-3	8	-2	-	-1	-	-7	36
Other financial assets		31	18	1	2	2	26	-	14
<b>Cash flow from investing activities</b>		<b>-4,824</b>	<b>-7,135</b>	<b>-1,301</b>	<b>-1,073</b>	<b>-1,422</b>	<b>-1,028</b>	<b>-3,313</b>	<b>-1,091</b>
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>		<b>3,855</b>	<b>2,555</b>	<b>514</b>	<b>1,705</b>	<b>768</b>	<b>868</b>	<b>-885</b>	<b>1,635</b>
<b>FINANCING ACTIVITIES</b>									
Change of loans, net	10	2,498	9,351	511	-2,256	5,594	-1,351	-925	-796
Dividends	8	-5,781	-11,991	-	-	-5,781	-	-	-
New share issues		-	13	-	-	-	-	2	-
Sale of own shares	8	6	46	-	-	2	4	4	-
Repurchase of own shares		-	-2	-	-	-	-	-2	-
Shareholders contribution from non-controlling interests		-	105	-	-	-	-	1	-
<b>Cash flow from financing activities</b>		<b>-3,277</b>	<b>-2,478</b>	<b>511</b>	<b>-2,256</b>	<b>-185</b>	<b>-1,347</b>	<b>-920</b>	<b>-796</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>578</b>	<b>77</b>	<b>1,025</b>	<b>-551</b>	<b>583</b>	<b>-479</b>	<b>-1,805</b>	<b>839</b>
Cash and cash equivalents at beginning of period		1,026	870	632	1,147	546	1,026	2,812	1,978
Exchange rate differences in cash and cash equivalents		69	79	16	36	18	-1	19	-5
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	7	<b>1,673</b>	<b>1,026</b>	<b>1,673</b>	<b>632</b>	<b>1,147</b>	<b>546</b>	<b>1,026</b>	<b>2,812</b>

# Number of customers

by thousands	Note	Number of customers		Net intake							
		2012 Dec 31	2011 Dec 31	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>Sweden</b>											
Mobile		3,757	3,724	33	117	-38	34	58	-21	-25	95
Fixed broadband		484	474	10	-12	-2	3	4	5	2	-11
Fixed telephony	1	341	544	-203	-107	-113	-27	-29	-34	-27	-26
		<b>4,582</b>	<b>4,742</b>	<b>-160</b>	<b>-2</b>	<b>-153</b>	<b>10</b>	<b>33</b>	<b>-50</b>	<b>-50</b>	<b>58</b>
<b>Norway</b>											
Mobile		1,136	1,066	70	3	15	16	23	16	-12	-1
Fixed telephony		81	92	-11	-11	-3	-2	-3	-3	-2	-3
		<b>1,217</b>	<b>1,158</b>	<b>59</b>	<b>-8</b>	<b>12</b>	<b>14</b>	<b>20</b>	<b>13</b>	<b>-14</b>	<b>-4</b>
<b>Russia</b>											
Mobile	1	22,716	20,636	2,080	2,198	373	710	693	304	250	681
		<b>22,716</b>	<b>20,636</b>	<b>2,080</b>	<b>2,198</b>	<b>373</b>	<b>710</b>	<b>693</b>	<b>304</b>	<b>250</b>	<b>681</b>
<b>Estonia</b>											
Mobile		506	490	2	22	-14	11	3	2	1	1
Fixed telephony		5	8	-3	-3	-	-	-1	-2	-1	-1
		<b>511</b>	<b>498</b>	<b>-1</b>	<b>19</b>	<b>-14</b>	<b>11</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Lithuania</b>											
Mobile		1,783	1,721	62	36	-5	38	20	9	-2	22
Fixed telephony		-	2	-2	-	-	-2	-	-	-	-
		<b>1,783</b>	<b>1,723</b>	<b>60</b>	<b>36</b>	<b>-5</b>	<b>36</b>	<b>20</b>	<b>9</b>	<b>-2</b>	<b>22</b>
<b>Latvia</b>											
Mobile		1,043	1,019	24	-8	1	21	11	-9	-31	14
		<b>1,043</b>	<b>1,019</b>	<b>24</b>	<b>-8</b>	<b>1</b>	<b>21</b>	<b>11</b>	<b>-9</b>	<b>-31</b>	<b>14</b>
<b>Croatia</b>											
Mobile	1	754	710	44	-28	-44	33	43	12	-117	45
		<b>754</b>	<b>710</b>	<b>44</b>	<b>-28</b>	<b>-44</b>	<b>33</b>	<b>43</b>	<b>12</b>	<b>-117</b>	<b>45</b>
<b>Kazakhstan</b>											
Mobile		3,412	1,371	2,041	1,039	361	589	759	332	249	459
		<b>3,412</b>	<b>1,371</b>	<b>2,041</b>	<b>1,039</b>	<b>361</b>	<b>589</b>	<b>759</b>	<b>332</b>	<b>249</b>	<b>459</b>
<b>Netherlands</b>											
Mobile		478	327	151	-11	55	51	32	13	2	-5
Fixed broadband		421	475	-54	-35	-17	-13	-6	-18	-12	-16
Fixed telephony		141	182	-41	-51	-8	-8	-12	-13	-11	-15
		<b>1,040</b>	<b>984</b>	<b>56</b>	<b>-97</b>	<b>30</b>	<b>30</b>	<b>14</b>	<b>-18</b>	<b>-21</b>	<b>-36</b>
<b>Germany</b>											
Mobile		110	45	65	45	13	14	17	21	31	14
Fixed broadband		82	100	-18	-16	-3	-5	-3	-7	-5	-5
Fixed telephony		594	835	-241	-347	-73	-54	-87	-27	-174	-16
		<b>786</b>	<b>980</b>	<b>-194</b>	<b>-318</b>	<b>-63</b>	<b>-45</b>	<b>-73</b>	<b>-13</b>	<b>-148</b>	<b>-7</b>
<b>Austria</b>											
Fixed broadband		127	134	-7	-7	-2	-1	-2	-2	-2	-2
Fixed telephony		191	231	-40	-54	-5	-7	-9	-19	-11	-14
		<b>318</b>	<b>365</b>	<b>-47</b>	<b>-61</b>	<b>-7</b>	<b>-8</b>	<b>-11</b>	<b>-21</b>	<b>-13</b>	<b>-16</b>
<b>TOTAL</b>											
Mobile		<b>35,695</b>	<b>31,109</b>	<b>4,572</b>	<b>3,413</b>	<b>717</b>	<b>1,517</b>	<b>1,659</b>	<b>679</b>	<b>346</b>	<b>1,325</b>
Fixed broadband		<b>1,114</b>	<b>1,183</b>	<b>-69</b>	<b>-70</b>	<b>-24</b>	<b>-16</b>	<b>-7</b>	<b>-22</b>	<b>-17</b>	<b>-34</b>
Fixed telephony		<b>1,353</b>	<b>1,894</b>	<b>-541</b>	<b>-573</b>	<b>-202</b>	<b>-100</b>	<b>-141</b>	<b>-98</b>	<b>-226</b>	<b>-75</b>
<b>TOTAL NET INTAKE</b>		<b>38,162</b>	<b>34,186</b>	<b>3,962</b>	<b>2,770</b>	<b>491</b>	<b>1,401</b>	<b>1,511</b>	<b>559</b>	<b>103</b>	<b>1,216</b>
Acquired companies	9			14	577	-	-	-	14	577	-
Divested companies				-	-44	-	-	-	-	-	-
<b>TOTAL NUMBER OF CUSTOMERS</b>		<b>38,162</b>	<b>34,186</b>	<b>3,976</b>	<b>3,303</b>	<b>491</b>	<b>1,401</b>	<b>1,511</b>	<b>573</b>	<b>680</b>	<b>1,216</b>

# Net sales

SEK million	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>Sweden</b>								
Mobile	10,002	9,533	2,585	2,522	2,516	2,379	2,442	2,434
Fixed broadband	1,440	1,530	351	359	365	365	376	377
Fixed telephony	1,141	1,408	261	281	295	304	323	342
Other operations	120	110	34	27	33	26	17	33
	<b>12,703</b>	<b>12,581</b>	<b>3,231</b>	<b>3,189</b>	<b>3,209</b>	<b>3,074</b>	<b>3,158</b>	<b>3,186</b>
<b>Norway</b>								
Mobile	4,467	2,981	1,153	1,117	1,137	1,060	1,128	639
Fixed broadband	4	6	-	1	2	1	1	2
Fixed telephony	316	365	76	75	81	84	90	91
Other operations	-	9	-	-	-	-	9	-
	<b>4,787</b>	<b>3,361</b>	<b>1,229</b>	<b>1,193</b>	<b>1,220</b>	<b>1,145</b>	<b>1,228</b>	<b>732</b>
<b>Russia</b>								
Mobile	12,984	11,463	3,402	3,257	3,277	3,048	2,988	3,015
	<b>12,984</b>	<b>11,463</b>	<b>3,402</b>	<b>3,257</b>	<b>3,277</b>	<b>3,048</b>	<b>2,988</b>	<b>3,015</b>
<b>Estonia</b>								
Mobile	825	834	211	207	211	196	219	220
Fixed telephony	7	5	2	1	2	2	1	1
Other operations	54	28	15	17	12	10	-	7
	<b>886</b>	<b>867</b>	<b>228</b>	<b>225</b>	<b>225</b>	<b>208</b>	<b>220</b>	<b>228</b>
<b>Lithuania</b>								
Mobile	1,213	1,261	306	306	310	291	337	336
Fixed broadband	-	2	-	-	-	-	-	-
	<b>1,213</b>	<b>1,263</b>	<b>306</b>	<b>306</b>	<b>310</b>	<b>291</b>	<b>337</b>	<b>336</b>
<b>Latvia</b>								
Mobile	1,044	1,103	281	265	258	240	274	291
	<b>1,044</b>	<b>1,103</b>	<b>281</b>	<b>265</b>	<b>258</b>	<b>240</b>	<b>274</b>	<b>291</b>
<b>Croatia</b>								
Mobile	1,321	1,301	360	357	337	267	319	382
	<b>1,321</b>	<b>1,301</b>	<b>360</b>	<b>357</b>	<b>337</b>	<b>267</b>	<b>319</b>	<b>382</b>
<b>Kazakhstan</b>								
Mobile	957	346	294	270	228	165	161	115
	<b>957</b>	<b>346</b>	<b>294</b>	<b>270</b>	<b>228</b>	<b>165</b>	<b>161</b>	<b>115</b>
<b>Netherlands</b>								
Mobile	920	844	288	234	213	185	215	201
Fixed broadband	3,043	3,388	731	709	790	813	841	851
Fixed telephony	662	823	158	151	173	180	192	197
Other operations	644	771	153	150	169	172	207	181
	<b>5,269</b>	<b>5,826</b>	<b>1,330</b>	<b>1,244</b>	<b>1,345</b>	<b>1,350</b>	<b>1,455</b>	<b>1,430</b>
<b>Germany</b>								
Mobile	192	26	60	52	44	36	21	5
Fixed broadband	205	254	48	48	53	56	61	63
Fixed telephony	549	802	117	123	147	162	190	198
Other operations	-	14	-	-	-	-	-	-1
	<b>946</b>	<b>1,096</b>	<b>225</b>	<b>223</b>	<b>244</b>	<b>254</b>	<b>272</b>	<b>265</b>
<b>Austria</b>								
Fixed broadband	874	842	216	209	222	227	213	210
Fixed telephony	228	294	55	52	58	63	70	72
Other operations	251	241	63	61	63	64	60	64
	<b>1,353</b>	<b>1,377</b>	<b>334</b>	<b>322</b>	<b>343</b>	<b>354</b>	<b>343</b>	<b>346</b>
<b>Other</b>								
Other operations	324	662	68	70	85	101	154	157
	<b>324</b>	<b>662</b>	<b>68</b>	<b>70</b>	<b>85</b>	<b>101</b>	<b>154</b>	<b>157</b>
<b>TOTAL</b>								
<b>Mobile</b>	<b>33,925</b>	<b>29,692</b>	<b>8,940</b>	<b>8,587</b>	<b>8,531</b>	<b>7,867</b>	<b>8,104</b>	<b>7,638</b>
<b>Fixed broadband</b>	<b>5,566</b>	<b>6,022</b>	<b>1,346</b>	<b>1,326</b>	<b>1,432</b>	<b>1,462</b>	<b>1,492</b>	<b>1,503</b>
<b>Fixed telephony</b>	<b>2,903</b>	<b>3,697</b>	<b>669</b>	<b>683</b>	<b>756</b>	<b>795</b>	<b>866</b>	<b>901</b>
<b>Other operations</b>	<b>1,393</b>	<b>1,835</b>	<b>333</b>	<b>325</b>	<b>362</b>	<b>373</b>	<b>447</b>	<b>441</b>
	<b>43,787</b>	<b>41,246</b>	<b>11,288</b>	<b>10,921</b>	<b>11,081</b>	<b>10,497</b>	<b>10,909</b>	<b>10,483</b>
Internal sales, elimination	-61	-245	-13	-15	-17	-16	-57	-54
<b>TOTAL</b>	<b>43,726</b>	<b>41,001</b>	<b>11,275</b>	<b>10,906</b>	<b>11,064</b>	<b>10,481</b>	<b>10,852</b>	<b>10,429</b>

# Internal sales

SEK million	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>Sweden</b>								
Mobile	5	6	2	-	-	3	2	-
	<b>5</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>-</b>
<b>Norway</b>								
Fixed telephony	38	42	7	9	12	10	12	11
	<b>38</b>	<b>42</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>11</b>
<b>Estonia</b>								
Other operations	-	28	-	-	-	-	-	7
	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>
<b>Lithuania</b>								
Mobile	8	9	2	3	2	1	1	3
	<b>8</b>	<b>9</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>
<b>Latvia</b>								
Mobile	8	9	2	2	2	2	1	3
	<b>8</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>Netherlands</b>								
Other operations	2	3	-	1	1	-	-	-
	<b>2</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>								
Other operations	-	148	-	-	-	-	41	30
	<b>-</b>	<b>148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>30</b>
<b>TOTAL</b>								
Mobile	21	24	6	5	4	6	4	6
Fixed telephony	38	42	7	9	12	10	12	11
Other operations	2	179	-	1	1	-	41	37
<b>TOTAL</b>	<b>61</b>	<b>245</b>	<b>13</b>	<b>15</b>	<b>17</b>	<b>16</b>	<b>57</b>	<b>54</b>

# EBITDA

SEK million	Note	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>Sweden</b>									
Mobile	2	2,869	3,160	748	828	637	656	798	799
Fixed broadband	2	93	111	14	35	12	32	14	43
Fixed telephony	2	327	348	72	89	90	76	89	80
Other operations		76	46	25	14	27	10	10	15
		<b>3,365</b>	<b>3,665</b>	<b>859</b>	<b>966</b>	<b>766</b>	<b>774</b>	<b>911</b>	<b>937</b>
<b>Norway</b>									
Mobile	2	169	-47	-28	101	81	15	-67	-20
Fixed broadband		1	3	-	-	1	-	1	2
Fixed telephony		44	67	12	11	11	10	15	16
Other operations		-	-3	-	-	-	-	-3	-
		<b>214</b>	<b>20</b>	<b>-16</b>	<b>112</b>	<b>93</b>	<b>25</b>	<b>-54</b>	<b>-2</b>
<b>Russia</b>									
Mobile		4,744	4,480	1,243	1,239	1,199	1,063	1,209	1,214
		<b>4,744</b>	<b>4,480</b>	<b>1,243</b>	<b>1,239</b>	<b>1,199</b>	<b>1,063</b>	<b>1,209</b>	<b>1,214</b>
<b>Estonia</b>									
Mobile		205	234	45	51	55	54	58	68
Other operations		31	-	9	9	10	3	-	-
		<b>236</b>	<b>234</b>	<b>54</b>	<b>60</b>	<b>65</b>	<b>57</b>	<b>58</b>	<b>68</b>
<b>Lithuania</b>									
Mobile		432	451	87	106	118	121	123	123
		<b>432</b>	<b>451</b>	<b>87</b>	<b>106</b>	<b>118</b>	<b>121</b>	<b>123</b>	<b>123</b>
<b>Latvia</b>									
Mobile		358	380	89	90	91	88	94	98
		<b>358</b>	<b>380</b>	<b>89</b>	<b>90</b>	<b>91</b>	<b>88</b>	<b>94</b>	<b>98</b>
<b>Croatia</b>									
Mobile		60	78	9	34	10	7	24	43
		<b>60</b>	<b>78</b>	<b>9</b>	<b>34</b>	<b>10</b>	<b>7</b>	<b>24</b>	<b>43</b>
<b>Kazakhstan</b>									
Mobile		-387	-401	-83	-102	-105	-97	-110	-101
		<b>-387</b>	<b>-401</b>	<b>-83</b>	<b>-102</b>	<b>-105</b>	<b>-97</b>	<b>-110</b>	<b>-101</b>
<b>Netherlands</b>									
Mobile		-34	115	-28	5	-11	-	21	37
Fixed broadband		1,040	1,131	254	248	265	273	305	295
Fixed telephony		235	229	58	60	59	58	57	55
Other operations		308	331	77	73	80	78	118	78
		<b>1,549</b>	<b>1,806</b>	<b>361</b>	<b>386</b>	<b>393</b>	<b>409</b>	<b>501</b>	<b>465</b>
<b>Germany</b>									
Mobile		15	-10	-6	2	7	12	9	-12
Fixed broadband		26	45	5	5	8	8	13	12
Fixed telephony		237	317	42	59	65	71	82	86
		<b>278</b>	<b>352</b>	<b>41</b>	<b>66</b>	<b>80</b>	<b>91</b>	<b>104</b>	<b>86</b>
<b>Austria</b>									
Fixed broadband		197	185	48	58	43	48	54	43
Fixed telephony		123	129	28	31	32	32	33	33
Other operations		13	11	2	6	3	2	5	4
		<b>333</b>	<b>325</b>	<b>78</b>	<b>95</b>	<b>78</b>	<b>82</b>	<b>92</b>	<b>80</b>
<b>Other</b>									
Other operations		-222	-178	-50	-50	-73	-49	-79	-25
		<b>-222</b>	<b>-178</b>	<b>-50</b>	<b>-50</b>	<b>-73</b>	<b>-49</b>	<b>-79</b>	<b>-25</b>
<b>TOTAL</b>									
Mobile		<b>8,431</b>	<b>8,440</b>	<b>2,076</b>	<b>2,354</b>	<b>2,082</b>	<b>1,919</b>	<b>2,159</b>	<b>2,249</b>
Fixed broadband		<b>1,357</b>	<b>1,475</b>	<b>321</b>	<b>346</b>	<b>329</b>	<b>361</b>	<b>387</b>	<b>395</b>
Fixed telephony		<b>966</b>	<b>1,090</b>	<b>212</b>	<b>250</b>	<b>257</b>	<b>247</b>	<b>276</b>	<b>270</b>
Other operations		<b>206</b>	<b>207</b>	<b>63</b>	<b>52</b>	<b>47</b>	<b>44</b>	<b>51</b>	<b>72</b>
<b>TOTAL</b>		<b>10,960</b>	<b>11,212</b>	<b>2,672</b>	<b>3,002</b>	<b>2,715</b>	<b>2,571</b>	<b>2,873</b>	<b>2,986</b>



# EBIT

SEK million	Note	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>Sweden</b>									
Mobile	2	1,780	2,050	512	596	320	352	507	521
Fixed broadband	2	-219	-239	-66	-43	-67	-43	-90	-36
Fixed telephony	2	288	301	63	79	80	66	78	67
Other operations		32	8	14	3	15	-	1	4
		<b>1,881</b>	<b>2,120</b>	<b>523</b>	<b>635</b>	<b>348</b>	<b>375</b>	<b>496</b>	<b>556</b>
<b>Norway</b>									
Mobile	2	-253	-147	-137	-2	-25	-89	-127	-34
Fixed broadband		1	3	-	-	1	-	1	2
Fixed telephony		39	62	10	10	10	9	13	16
Other operations		-	-3	-	-	-	-	-3	-
		<b>-213</b>	<b>-85</b>	<b>-127</b>	<b>8</b>	<b>-14</b>	<b>-80</b>	<b>-116</b>	<b>-16</b>
<b>Russia</b>									
Mobile		3,683	3,584	959	976	917	831	966	994
		<b>3,683</b>	<b>3,584</b>	<b>959</b>	<b>976</b>	<b>917</b>	<b>831</b>	<b>966</b>	<b>994</b>
<b>Estonia</b>									
Mobile	2	67	166	5	18	21	23	40	49
Other operations		19	-	5	6	6	2	-	-
		<b>86</b>	<b>166</b>	<b>10</b>	<b>24</b>	<b>27</b>	<b>25</b>	<b>40</b>	<b>49</b>
<b>Lithuania</b>									
Mobile	2	259	366	42	63	76	78	101	102
		<b>259</b>	<b>366</b>	<b>42</b>	<b>63</b>	<b>76</b>	<b>78</b>	<b>101</b>	<b>102</b>
<b>Latvia</b>									
Mobile	2	142	286	45	35	30	32	62	77
		<b>142</b>	<b>286</b>	<b>45</b>	<b>35</b>	<b>30</b>	<b>32</b>	<b>62</b>	<b>77</b>
<b>Croatia</b>									
Mobile		-65	-42	-20	-	-22	-23	-7	12
		<b>-65</b>	<b>-42</b>	<b>-20</b>	<b>-</b>	<b>-22</b>	<b>-23</b>	<b>-7</b>	<b>12</b>
<b>Kazakhstan</b>									
Mobile	2	-691	-720	-135	-190	-189	-177	-239	-168
		<b>-691</b>	<b>-720</b>	<b>-135</b>	<b>-190</b>	<b>-189</b>	<b>-177</b>	<b>-239</b>	<b>-168</b>
<b>Netherlands</b>									
Mobile		-64	97	-36	-2	-15	-11	15	32
Fixed broadband		545	630	133	130	133	149	180	170
Fixed telephony		219	173	55	56	55	53	41	41
Other operations		237	228	60	56	61	60	90	55
		<b>937</b>	<b>1,128</b>	<b>212</b>	<b>240</b>	<b>234</b>	<b>251</b>	<b>326</b>	<b>298</b>
<b>Germany</b>									
Mobile		-2	-15	-11	-1	2	8	4	-12
Fixed broadband		14	35	2	3	5	4	12	9
Fixed telephony		225	282	39	55	63	68	78	76
		<b>237</b>	<b>302</b>	<b>30</b>	<b>57</b>	<b>70</b>	<b>80</b>	<b>94</b>	<b>73</b>
<b>Austria</b>									
Fixed broadband		109	106	27	39	20	23	35	25
Fixed telephony		86	93	17	21	25	23	25	23
Other operations		-8	-14	-3	-	-2	-3	-1	-2
		<b>187</b>	<b>185</b>	<b>41</b>	<b>60</b>	<b>43</b>	<b>43</b>	<b>59</b>	<b>46</b>
<b>Other</b>									
Other operations		-232	-236	-53	-53	-73	-53	-93	-26
		<b>-232</b>	<b>-236</b>	<b>-53</b>	<b>-53</b>	<b>-73</b>	<b>-53</b>	<b>-93</b>	<b>-26</b>
<b>TOTAL</b>									
<b>Mobile</b>		<b>4,856</b>	<b>5,625</b>	<b>1,224</b>	<b>1,493</b>	<b>1,115</b>	<b>1,024</b>	<b>1,322</b>	<b>1,573</b>
<b>Fixed broadband</b>		<b>450</b>	<b>535</b>	<b>96</b>	<b>129</b>	<b>92</b>	<b>133</b>	<b>138</b>	<b>170</b>
<b>Fixed telephony</b>		<b>857</b>	<b>911</b>	<b>184</b>	<b>221</b>	<b>233</b>	<b>219</b>	<b>235</b>	<b>223</b>
<b>Other operations</b>		<b>48</b>	<b>-17</b>	<b>23</b>	<b>12</b>	<b>7</b>	<b>6</b>	<b>-6</b>	<b>31</b>
		<b>6,211</b>	<b>7,054</b>	<b>1,527</b>	<b>1,855</b>	<b>1,447</b>	<b>1,382</b>	<b>1,689</b>	<b>1,997</b>
One-off items		-558	-4	-3	-538	-18	1	-26	-20
<b>TOTAL</b>		<b>5,653</b>	<b>7,050</b>	<b>1,524</b>	<b>1,317</b>	<b>1,429</b>	<b>1,383</b>	<b>1,663</b>	<b>1,977</b>

# EBIT, cont.

SEK million	Note	SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT							
		2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>EBITDA</b>		<b>10,960</b>	<b>11,212</b>	<b>2,672</b>	<b>3,002</b>	<b>2,715</b>	<b>2,571</b>	<b>2,873</b>	<b>2,986</b>
Impairment of goodwill and other assets	2	-249	-	1	-250	-	-	-	-
Sale of operations		-13	-43	2	-	-16	1	-1	-2
Acquisition costs	9	-2	-46	-	-	-2	-	-25	-18
Other one-off items	2, 3	-294	85	-6	-288	-	-	-	-
<b>Total one-off items</b>		<b>-558</b>	<b>-4</b>	<b>-3</b>	<b>-538</b>	<b>-18</b>	<b>1</b>	<b>-26</b>	<b>-20</b>
Depreciation/amortization and other impairment		-4,742	-4,159	-1,141	-1,143	-1,270	-1,188	-1,184	-989
Result from shares in associated companies		-7	1	-4	-4	2	-1	-	-
<b>EBIT</b>		<b>5,653</b>	<b>7,050</b>	<b>1,524</b>	<b>1,317</b>	<b>1,429</b>	<b>1,383</b>	<b>1,663</b>	<b>1,977</b>

# CAPEX

SEK million	Note	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
<b>Sweden</b>									
Mobile		907	1,096	271	177	236	223	404	116
Fixed broadband		206	245	46	44	87	29	67	43
Fixed telephony		5	2	1	1	1	2	-	2
Other operations		33	24	9	4	14	6	7	6
		<b>1,151</b>	<b>1,367</b>	<b>327</b>	<b>226</b>	<b>338</b>	<b>260</b>	<b>478</b>	<b>167</b>
<b>Norway</b>									
Mobile		572	282	165	132	176	99	139	41
Fixed telephony		6	6	-2	1	5	2	2	1
		<b>578</b>	<b>288</b>	<b>163</b>	<b>133</b>	<b>181</b>	<b>101</b>	<b>141</b>	<b>42</b>
<b>Russia</b>									
Mobile		1,590	2,010	371	361	577	281	575	662
		<b>1,590</b>	<b>2,010</b>	<b>371</b>	<b>361</b>	<b>577</b>	<b>281</b>	<b>575</b>	<b>662</b>
<b>Estonia</b>									
Mobile		71	83	31	5	22	13	17	21
Other operations		8	-	5	1	2	-	-	-
		<b>79</b>	<b>83</b>	<b>36</b>	<b>6</b>	<b>24</b>	<b>13</b>	<b>17</b>	<b>21</b>
<b>Lithuania</b>									
Mobile		82	114	20	22	24	16	39	31
		<b>82</b>	<b>114</b>	<b>20</b>	<b>22</b>	<b>24</b>	<b>16</b>	<b>39</b>	<b>31</b>
<b>Latvia</b>									
Mobile		77	91	33	12	14	18	20	20
		<b>77</b>	<b>91</b>	<b>33</b>	<b>12</b>	<b>14</b>	<b>18</b>	<b>20</b>	<b>20</b>
<b>Croatia</b>									
Mobile		54	102	26	17	6	5	19	24
		<b>54</b>	<b>102</b>	<b>26</b>	<b>17</b>	<b>6</b>	<b>5</b>	<b>19</b>	<b>24</b>
<b>Kazakhstan</b>									
Mobile	6	749	902	233	238	158	120	262	52
		<b>749</b>	<b>902</b>	<b>233</b>	<b>238</b>	<b>158</b>	<b>120</b>	<b>262</b>	<b>52</b>
<b>Netherlands</b>									
Mobile		32	9	22	5	3	2	4	2
Fixed broadband		333	360	70	76	105	82	92	90
Fixed telephony		11	41	7	2	-	2	13	9
Other operations		27	44	9	6	6	6	11	9
		<b>403</b>	<b>454</b>	<b>108</b>	<b>89</b>	<b>114</b>	<b>92</b>	<b>120</b>	<b>110</b>
<b>Germany</b>									
Mobile		26	38	9	2	6	9	9	20
Fixed broadband		2	1	1	-	1	-	-	-
Fixed telephony		1	-	-	-	-	1	-	-
		<b>29</b>	<b>39</b>	<b>10</b>	<b>2</b>	<b>7</b>	<b>10</b>	<b>9</b>	<b>20</b>
<b>Austria</b>									
Fixed broadband		43	37	18	10	8	7	18	8
Fixed telephony		22	21	8	6	5	3	8	5
Other operations		14	13	6	4	2	2	6	3
		<b>79</b>	<b>71</b>	<b>32</b>	<b>20</b>	<b>15</b>	<b>12</b>	<b>32</b>	<b>16</b>
<b>Other</b>									
Other operations		465	584	119	103	128	115	138	126
		<b>465</b>	<b>584</b>	<b>119</b>	<b>103</b>	<b>128</b>	<b>115</b>	<b>138</b>	<b>126</b>
<b>TOTAL</b>									
Mobile		4,160	4,727	1,181	971	1,222	786	1,488	989
Fixed broadband		584	643	135	130	201	118	177	141
Fixed telephony		45	70	14	10	11	10	23	17
Other operations		547	665	148	118	152	129	162	144
<b>TOTAL</b>		<b>5,336</b>	<b>6,105</b>	<b>1,478</b>	<b>1,229</b>	<b>1,586</b>	<b>1,043</b>	<b>1,850</b>	<b>1,291</b>

# CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION							
	2012 Full year	2011 Full year	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
CAPEX, according to balance sheet	-5,336	-6,105	-1,478	-1,229	-1,586	-1,043	-1,850	-1,291
This year's unpaid CAPEX and paid CAPEX from previous year	518	294	173	-3	155	193	98	74
Received payment of sold non-current assets	209	239	19	156	14	20	-1	75
<b>Paid CAPEX, according to cash flow statement</b>	<b>-4,609</b>	<b>-5,572</b>	<b>-1,286</b>	<b>-1,076</b>	<b>-1,417</b>	<b>-830</b>	<b>-1,753</b>	<b>-1,142</b>

# Key ratios

SEK million	2012	2011	2010	2009	2008
<b>CONTINUING OPERATIONS</b>					
Net sales	43,726	41,001	40,585	39,836	38,630
Numbers of customers (by thousands)	38,162	34,186	30,883	26,579	24,018
EBITDA	10,960	11,212	10,643	9,621	8,452
EBIT	5,653	7,050	7,022	5,781	3,026
EBT	4,575	6,376	6,639	5,236	1,893
Net profit	3,264	4,751	6,469	4,736	1,758
<b>Key ratios</b>					
EBITDA margin, %	25.1	27.3	26.6	24.2	21.8
EBIT margin, %	12.9	17.2	17.3	14.5	7.8
<b>Value per share (SEK)</b>					
Earnings	7.34	10.71	14.66	10.68	3.91
Earnings after dilution	7.30	10.65	14.60	10.66	3.91
<b>TOTAL</b>					
Equity	20,429	21,452	28,875	28,823	28,405
Equity after dilution	20,429	21,455	28,894	28,823	28,415
Total assets	49,189	46,864	42,085	43,005	49,697
Cash flow from operating activities	8,679	9,690	9,966	9,427	8,088
Cash flow after CAPEX	4,070	4,118	6,008	4,635	3,037
Available liquidity	12,933	9,986	13,254	12,520	17,248
Net debt	15,745	13,518	3,417	4,013	7,012
Investments in intangible and tangible assets, CAPEX	5,336	6,105	4,095	4,891	5,066
Investments in shares, short-term investments etc	215	1,563	1,424	-3,709	-2,342
<b>Key ratios</b>					
Equity/assets ratio, %	42	46	69	67	57
Debt/equity ratio, multiple	0.77	0.63	0.12	0.14	0.25
Return on equity, %	15.6	18.9	24.0	16.3	8.9
Return on equity after dilution, %	15.6	18.9	24.0	16.3	8.9
Return on capital employed, %	15.3	20.4	22.2	16.7	12.8
Average interest rate, %	6.7	6.2	7.3	5.9	6.2
<b>Value per share (SEK)</b>					
Earnings	7.34	10.69	15.67	10.57	5.53
Earnings after dilution	7.30	10.63	15.61	10.55	5.53
Equity	45.95	48.33	65.44	65.31	63.93
Equity after dilution	45.68	48.09	65.23	65.18	63.90
Cash flow from operating activities	19.53	21.83	22.59	21.41	18.23
Dividend, ordinary	7.10 <sup>1)</sup>	6.50	6.00	3.85	3.50
Extraordinary dividend	-	6.50	21.00	2.00	1.50
Market price at closing day	117.10	133.90	139.60	110.20	69.00

<sup>1)</sup> Proposed dividend



# Parent company

## INCOME STATEMENT

SEK million	2012 Full year	2011 Full year
Net sales	49	65
Administrative expenses	-124	-117
<b>Operating loss, EBIT</b>	<b>-75</b>	<b>-52</b>
Dividend from group company	-	4,500
Exchange rate difference on financial items	22	-
Net interest expenses and other financial items	-116	52
<b>Profit/loss after financial items, EBT</b>	<b>-169</b>	<b>4,500</b>
Appropriations, group contribution	163	-11
Tax on profit/loss	-5	6
<b>NET PROFIT/LOSS</b>	<b>-11</b>	<b>4,495</b>

## BALANCE SHEET

SEK million	Note	Dec 31, 2012	Dec 31, 2011
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Financial assets		32,304	33,908
<b>NON-CURRENT ASSETS</b>		<b>32,304</b>	<b>33,908</b>
<b>CURRENT ASSETS</b>			
Current receivables		176	4,512
Cash and cash equivalents		2	3
<b>CURRENT ASSETS</b>		<b>178</b>	<b>4,515</b>
<b>ASSETS</b>		<b>32,482</b>	<b>38,423</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Restricted equity	8	5,546	17,546
Unrestricted equity	8	18,606	12,428
<b>EQUITY</b>		<b>24,152</b>	<b>29,974</b>
<b>LONG-TERM LIABILITIES</b>			
Interest-bearing liabilities	10	5,663	8,221
<b>LONG-TERM LIABILITIES</b>		<b>5,663</b>	<b>8,221</b>
<b>SHORT-TERM LIABILITIES</b>			
Interest-bearing liabilities	10	2,586	172
Non-interest-bearing liabilities		81	56
<b>SHORT-TERM LIABILITIES</b>		<b>2,667</b>	<b>228</b>
<b>EQUITY AND LIABILITIES</b>		<b>32,482</b>	<b>38,423</b>

# Notes

## ACCOUNTING PRINCIPLES AND DEFINITIONS

The full year report for the group was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and the full year report for the parent company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for legal entities and its statements.

## New and amended IFRS standards and IFRIC interpretations

The amended IFRS standards and IFRIC interpretations, which became effective January 1, 2012, have had no material effect on the consolidated financial statements.

On January 1, 2012 Tele2 changed the accounting principles for joint ventures from the equity method to proportionate consolidation, with retrospective application. The effects on the financial statements are stated in Note 11.

From January 1, 2012 internal sales within segments (countries) are not reported in net sales and internal sales for the respective segment. The comparable periods are re-presented. The effects on the financial statements are stated in Note 12.

Within the scope of Annual Improvements to IFRSs 2009–2011 the improved IAS 32 (effective for annual periods beginning on or after January 1, 2013) clarifies that income tax relating to distributions shall be accounted for according to IAS 12. Tele2 has sought guidance from the improved IAS 32 and from Q4 2012 onwards taxes on dividends from subsidiaries are recognized in the income statement instead of in Other comprehensive income. The comparable periods are re-presented and the effects on the financial statements are presented in Note 13.

In all other respects, Tele2 has presented its full year report in accordance with the accounting principles and calculation methods used in the 2011 Annual Report. The description of these principles and definitions is found in the 2011 Annual Report.

## NOTE 1 CUSTOMERS

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

In Q4 2011, number of customers in Russia and Croatia decreased by 96,000 and 60,000 customers respectively, as a one-time adjustment, due to changes in IT systems.

## NOTE 2 OPERATING EXPENSES

### EBITDA

In Q2 2012, Sweden was negatively affected by SEK 25 million due to a new method for calculation of bad debt reserves, of which SEK 20 million related to mobile, SEK 3 million to fixed broadband and SEK 2 million to fixed telephony.

In Q3 and Q4 2011, the mobile operation in Norway was negatively affected by SEK 7 and 53 million respectively, due to restructuring costs in connection with the acquisition of Network Norway.

In Q3 2011, Sweden was negatively affected by SEK 45 million due to restructuring costs, of which SEK 34 million related to mobile, SEK 6 million to fixed broadband and SEK 5 million to fixed telephony.

## DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q3 2012, an impairment loss was recognized in Croatia amounting to SEK 250 million, of which goodwill SEK 88 million and other fixed assets SEK 162 million. The impairment loss was based on the estimated value in use. Tele2 expects growth and profitability in Croatia going forward. However, due to unsatisfactory development during 2011–2012, Tele2 assesses that the estimated future profit levels do not support the previous book value. The negative effect has been reported as a one-off item.

During 2012 and 2013, the Baltic countries will upgrade/replace their existing networks. To reflect a shorter remaining useful life of related equipment accelerated depreciations of approximately SEK 69 million are reported in each quarter from Q1 2012 onwards, of which SEK 13 million in Estonia, 22 million in Lithuania and 34 million in Latvia.

In Q4 2011, Kazakhstan was negatively affected by SEK 59 million due to impairment loss of obsolete equipment.

## OTHER ONE-OFF ITEMS

Tele2 has been a party to arbitration proceedings in Stockholm regarding a share option agreement, which previously was reported as a contingent liability at an amount of SEK 265 million. The arbitral tribunal issued its award during the third quarter and the tribunal did not rule in favour of Tele2. Tele2 has paid the counterparty in accordance with the award and the operating profit for Q3 2012 was negatively affected by SEK 288 million. The negative effect has been reported as a one-off item.

In Q2 2011, Sweden was negatively affected by SEK 54 million in relation to future rental costs for mobile sites to be dismantled. The negative effect has been reported as a one-off item.

## NOTE 3 OTHER OPERATING INCOME

In Q1 2011, other operating income in Sweden increased by SEK 139 million relating to compensations in connection with the transfer and disposal of assets related to the 4G net co-operation. The positive effect has been reported as a one-off item.

## NOTE 4 TAXES

In Q4 2012, the tax expenses were negatively affected by SEK 127 million and positively affected by SEK 28 million, due to decreased tax rate in Sweden and increased tax rate in Luxembourg, respectively, from January 1, 2013. In addition, Russia paid withholding tax on dividend of SEK –223 million during Q4, 2012.

In Q4 2012, certain intra-group loans in Luxembourg were restructured, which resulted in cumulative foreign exchange differences on the loans, reported in other comprehensive income are no longer taxable. Consequently, a deferred tax liability of SEK 2,425 million was reversed over other comprehensive income. The transaction had no cash flow or income statement effect.

In Q3 2012, net taxes were positively affected by a valuation of deferred tax assets in Austria of SEK 262 million.

In Q4 2011, net taxes were positively affected by SEK 108 million as a result of a valuation of deferred tax assets related to BBned in Netherlands.

## NOTE 5 CONTINGENT LIABILITIES

SEK million	Dec 31, 2012	Dec 31, 2011
Disputes	–	263
<b>Total contingent liabilities</b>	<b>–</b>	<b>263</b>

Network Norway has been the defendant in a dispute before the District Court of Asker and Bærum regarding alleged exclusivity undertakings in its national roaming agreement with Telenor Mobil, where Telenor Mobil claimed that Network Norway was in breach of this alleged undertaking since Tele2 Norway has a national roaming agreement with TeliaSonera Norge. Network Norway disputed Telenor Mobil's claim in its entirety and the District Court issued its judgment during the fourth quarter and ruled in favour of Tele2. Telenor decided not to appeal, so the ruling is final and binding. Consequently, the dispute is no longer reported as contingent liability.

Tele2 has been a party to arbitration proceedings in Stockholm regarding a share option agreement, which previously was reported as a contingent liability at an amount of SEK 265 million. The arbitral tribunal issued its award during the third quarter and the tribunal did not rule in favour of Tele2. The effect on Tele2's financial statements is stated in Note 2.

Additional contractual commitments and liabilities related to joint ventures are stated in Note 30 in the Annual Report 2011.

## NOTE 6 CAPEX

In Q2 2011, Kazakhstan acquired additional frequencies in the 2100 MHz band which affected CAPEX and the cash flow statement by SEK 218 million.

## NOTE 7 TRANSACTIONS WITH RELATED PARTIES

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

SEK million	2012 Dec 31	2012 Sep 30	2012 Jun 30	2012 Mar 31	2011 Dec 31	2011 Sep 30
Cash and cash equivalents at end of the period in joint ventures	65	35	33	31	50	26

In Q4 2012, frequencies and sites were transferred from Tele2 and Telenor to the joint venture Net4Mobility. The transfer did not have any material effect on Tele2's financial statement. Apart from transactions with joint ventures, no other significant related party transactions were carried out during 2012. Related parties are presented in Note 38 of the Annual Report 2011.

## NOTE 8 SHARES AND INCENTIVE PROGRAMS (LTI)

	Dec 31, 2012	Dec 31, 2011
<b>Number of shares</b>		
Outstanding, basic	444,661,211	444,149,959
In own custody	4,122,128	4,633,380
Weighted average	444,504,182	443,851,976
After dilution	447,579,409	446,495,347
After dilution, weighted average	447,146,240	446,137,759

### DIVIDEND

Tele2's Board of Directors intends to propose an increase of the ordinary dividend with 9 percent to SEK 7.10 per share in respect of the financial year 2012 at the Annual General Meeting in 2013.

In Q2 2012, Tele2 paid to its shareholders a dividend of SEK 13.00 (27.00) per share for 2011, of which the ordinary dividend amounted to SEK 6.50 (6.00) per share and the extraordinary dividend amounted to SEK 6.50 (21.00) per share. This corresponded to a total of SEK 5,781 (11,991) million, of which an ordinary dividend of SEK 2,890 (2,665) million and an extraordinary dividend SEK 2,890 (9,326) million.

### SALE OF SHARES

As a result of share rights in the LTI 2009 being exercised during Q2 2012, Tele2 sold 466,252 B-shares in own custody.

As a result of stock options in the LTI 2007 being exercised during Q1 and Q2 2012, Tele2 sold 37,000 and 8,000 B-shares respectively in own custody, resulting in an increase of shareholders' equity of SEK 4 and 2 million.

### RECLASSIFICATION

In Q2 2012, the Annual General Meeting decided to reduce the restricted reserves in the parent company with SEK 12,000 million for transfer to unrestricted equity.

In Q1 and Q3 2012, 1,194 and 875 class A shares respectively were reclassified into class B shares in Tele2.

### INCENTIVE PROGRAM (LTI)

Additional information related to LTI programs are presented in Note 34 of the Annual Report 2011.

#### LTI 2012

	2012 Jun 15–Dec 31
Number of share rights	
Allocated June 15, 2012	1,132,186
Forfeited	-53,750
<b>Total outstanding share rights</b>	<b>1,078,436</b>

At the Annual General Meeting held on May 7, 2012, the shareholders

approved a performance-based incentive programme for senior executives and other key employees in the Tele2 group. The Plan has the same structure as last year's incentive program. Detailed information of the Plan was disclosed in the interim report January – June 2012.

#### LTI 2011

	2012 Jan 1–Dec 31	Cumulative from start
Number of share rights		
Allocated June 17, 2011		1,056,436
Outstanding as of January 1, 2012	995,436	
Allocated, compensation for dividend	77,819	77,819
Forfeited	-74,866	-135,866
<b>Total outstanding share rights</b>	<b>998,389</b>	<b>998,389</b>

#### LTI 2010

	2012 Jan 1–Dec 31	Cumulative from start
Number of share rights		
Allocated June 9, 2010		873,120
Outstanding as of January 1, 2012	858,057	
Allocated, compensation for dividend	67,590	190,679
Forfeited	-84,274	-222,426
<b>Total outstanding share rights</b>	<b>841,373</b>	<b>841,373</b>

#### LTI 2009

	2012 Jan 1–Dec 31	Cumulative from start
Number of share rights		
Allocated June 1, 2009		656,160
Outstanding as of January 1, 2012	484,196	
Allocated, compensation for dividend	-	92,096
Forfeited	-17,944	-282,004
Exercised	-466,252	-466,252
<b>Total outstanding share rights</b>	<b>-</b>	<b>-</b>

The exercise of the share rights in LTI 2009 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2009 until March 31, 2012. The outcome of these decided performance conditions was in accordance with below:

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	156.2%	100%
Series B	Average normalised Return on Capital Employed (ROCE)	14%	17%	22.0%	100%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	65.2%	100%

Weighted average share price for share rights at date of exercise amounted to SEK 124.00 during 2012.

#### LTI 2007

It was possible to exercise stock options in LTI 2007 until August 2012.

	2012 Jan 1–Dec 31	Cumulative from start
Number of options		
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2012	59,000	
Forfeited	-14,000	-1,037,000
Exercised	-45,000	-2,515,000
<b>Total outstanding stock options</b>	<b>-</b>	<b>-</b>

Weighted average share price for stock options at date of exercise amounted to SEK 130.70 (149.19) during 2012. The exercise price was SEK 116.60.

SEK 1 million was paid to the programme participants in connection with the exercise during 2012, as a compensation for the extraordinary dividend of SEK 21.00 and 6.50 paid during 2011 and 2012 respectively.

## NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2012 Jan 1 – Dec 31
<b>Acquisitions</b>	
Televõrgu, Estonia	-218
Settlements of previous years' acquisitions	-3
<b>Total group companies</b>	<b>-221</b>
Capital contribution to associated companies	-22
<b>Total associated companies</b>	<b>-22</b>
<b>Total acquisition of shares and participations</b>	<b>-243</b>
<b>Divestments</b>	
Officer, Norway	2
Settlements of previous years' divestments	-5
<b>Total sale of shares and participations</b>	<b>-3</b>
<b>TOTAL CASH FLOW EFFECT, NET</b>	<b>-246</b>

### ACQUISITIONS

#### Televõrgu, Estonia

On February 17, 2012 Tele2 acquired 100 percent of the Estonian telecommunication service provider Televõrgu AS for SEK 223 million.

Televõrgu is a provider of transmission and mobile internet services based on a fibre optical network and a CDMA based 3G wireless network. The acquisition of Televõrgu will give Tele2 Estonia a stronger presence among business customers in the Estonian market, and full control over its transmission network until 2025.

Goodwill in connection with the acquisition is related to Tele2's expectation to benefit from cost savings and cost control, since Televõrgu is a provider of leased lines and transmission services to Tele2. In addition, the acquisition is expected to give Tele2 a stronger presence among business customers and contribute to expanding data transmission services in the Estonian market.

Televõrgu has affected net sales of SEK 77 million and EBITDA of SEK 37 million in 2012, of which SEK 22 and 11 million respectively refer to Q4 2012. Total acquisition costs of SEK 2 million have been reported as operating costs in the income statement.

#### Other acquisitions

On December 22, 2011 Tele2 acquired 100% of the Austrian internet service provider Silver Server for SEK 100 million, of which SEK 97 million was paid in 2011. In Q3 2012, the remaining purchase price of SEK 3 million was paid to the former owner.

### Net assets at the time of acquisition

Assets, liabilities and contingent liabilities included in the operations acquired until December 31, 2012 are stated below:

SEK million	Televõrgu, Estonia
Customer agreements	20
Beneficial and renting rights	78
Tangible assets	63
Material and supplies	1
Current receivables	18
Cash and cash equivalents	3
Deferred tax liabilities	-17
Short-term liabilities	-35
<b>Acquired net assets</b>	<b>131</b>
Goodwill	66
<b>Purchase price shares</b>	<b>197</b>
Payment of debt to former owners	26
Exchange rate differences	-2
Less: cash in acquired companies	-3
<b>NET EFFECT ON GROUP CASH ASSETS</b>	<b>218</b>

### DIVESTMENTS

#### Officer, Norway

In 2012, stores in Officer, Norway, were divested for SEK 2 million.

### PRO FORMA

The table below shows how the acquired companies and operations on December 31, 2012 would have affected Tele2's net sales and result if they had been acquired on January 1, 2012.

SEK million	Full year 2012		Tele2 group, pro forma
	Tele2 group	Acquired operations Televõrgu, Estonia	
Net sales	43,726	19	43,745
EBITDA	10,960	8	10,968
Net profit	3,264	2	3,266

## NOTE 10 FINANCING

	Interest-bearing liabilities			
	Dec 31, 2012		Dec 31, 2011	
	Short-term	Long-term	Short-term	Long-term
Bonds RUB, Russia	-	5,555	-	2,780
Bonds NOK, Sweden	-	1,511	-	-
Bonds SEK, Sweden	-	3,544	-	-
Commercial papers, Sweden	2,377	-	-	-
Financial institutions	219	1,692	210	9,305
Put option, Kazakhstan	1,214	-	1,136	-
Other liabilities	462	938	350	883
<b>Total interest-bearing liabilities</b>	<b>4,272</b>	<b>13,240</b>	<b>1,696</b>	<b>12,968</b>
		<b>17,512</b>		<b>14,664</b>

In Q3 2012, Tele2 AB entered into an 8-year-maturity loan agreement with Nordic Investment Bank (NIB), totalling EUR 74 million, as a further step towards the diversification of Tele2's funding sources.

In Q2 2012, Tele2 AB signed a new EUR 1.2 billion 5-year revolving credit facility with the participation from twelve banks. The facility was used to repay four credit facilities that would have matured in 2013.

In Q2 2012, Tele2 AB signed a Euro Medium-Term Note (EMTN) Program (bonds) that will form the basis for Tele2's future medium and long term debt issuance in both international and domestic markets. The program enables Tele2 to issue bonds and notes up to a total aggregate amount of EUR 3 billion. On May 8, 2012 Tele2 issued a SEK 2.3 billion 5-year bond on the Swedish bond market under this program. The amount is split between a fixed rate tranche of SEK 0.8 billion with a coupon of 4.875 percent and a floating rate tranche of SEK 1.5 billion with a coupon of three months STIBOR +2.85 percent. On September 27, 2012 Tele2 issued a SEK 500 million bond of 18 months on the Swedish bond market under this program with a coupon of three months STIBOR +0.95 percent. On November 30, 2012 Tele2 issued a SEK 750 million bond of 2.25 years on the Swedish bond market under this program with a coupon of three months STIBOR +1.10 percent. On January 3, 2013 Tele2 issued a SEK 500 million bond under the program with one single investor. The issue has an investor put/issuer call every third month and will therefore be reported as short term funding. The bond has a floating rate coupon, and will not be listed.

In Q2 2012, Tele2 Russia issued a 6 billion rouble bond. The bond has a final maturity of 10 years and a put option providing for an effective tenor of 3 years. The coupon rate for the period is 9.10 percent per annum with semi-annual coupon payments. In Q1 2012, Tele2 Russia issued a 7 billion rouble bond (with 2 tranches). The bond has a final maturity of 10 years and a put option providing for an effective tenor of 2 years. The coupon rate for the period is 8.90 percent per annum with semi-annual coupon payments.

In Q1 2012, Tele2 AB issued a NOK 1.3 billion bond in the Norwegian bond market. The amount is split between a 3 year bond of NOK 300 million priced at NIBOR +1.70 percent and a 5 year bond of NOK 1 billion priced at NIBOR +2.35 percent.

In Q1 2012, Tele2 AB established a Swedish commercial paper program. The program enables Tele2 to issue commercial papers up to a total amount of SEK 5 billion. Commercial papers can be issued with tenors up to 12 months under the program. The commercial paper program is a complement to Tele2's core funding.

## NOTE 11 CHANGED ACCOUNTING PRINCIPLE FOR JOINT VENTURES

On January 1, 2012 Tele2 changed the accounting principles for joint ventures from the equity method to proportionate consolidation, with retrospective application.

The International Accounting Standards Board (IASB) has issued a new standard for joint arrangements, IFRS 11. IFRS 11 is focusing on the rights and obligations that exist between the parties. This is determinative when deciding which type of joint arrangement exists. A joint arrangement is a construction where two or more parties contractually agree on joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. It is not only the legal form of the arrangement that should be considered. There are two types of joint arrangements: joint operations and joint ventures. A joint operation arises when the joint control owners have rights to the assets and obligations for the liabilities that are connected to the investment. A joint venture applies to the case where the joint control parties have rights to the net assets of the investment. Depending on whether the arrangement is a joint operation or a joint venture, different accounting principles shall be applied. According to the new standard, only the equity method is allowed when consolidating joint ventures, i.e. proportionate consolidation is no longer allowed. The parties in a joint operation shall report their assets, liabilities, revenues and expenses and their share of joint assets, liabilities, revenues and expenses.

Based on guidance from the standard to come for joint arrangement, Tele2 has chosen to change its accounting treatment for joint arrangement from 2012 onwards. The effect is that the joint arrangements that Tele2 has presently entered are viewed as joint operations and are accounted for under proportionate consolidation. Previously the equity method was applied. Tele2 assesses that the changed accounting treatment is in line with the present standard, IAS 31 Interests in Joint Ventures. The decision was additionally based on the fact that Tele2 Sweden is building its 3G and 4G networks in joint ventures and that proportionate consolidation is expected to give a more true and fair view. The change of accounting principle increased the net sales, EBITDA, assets and liabilities of the group and had a minor effect on operating profit and net cash flows. The change had no effect on net profit or shareholders' equity.

The effects from the change of accounting principle are stated below.

### Income statement

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>CONTINUING OPERATIONS</b>							
Net sales	251	421	13	89	80	69	70
Operating expenses	-215	-373	-22	-67	-65	-61	-59
Result from shares in associated companies and joint ventures	-16	-145	2	-	-8	-10	-99
Other operating income	62	31	30	5	11	16	7
<b>Operating profit/loss, EBIT</b>	<b>82</b>	<b>-66</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>-81</b>
Interest income/costs	-75	-30	-23	-24	-16	-12	-15
<b>Profit/loss after financial items, EBT</b>	<b>7</b>	<b>-96</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>-96</b>
Tax on profit/loss	-7	96	-	-3	-2	-2	96
<b>NET PROFIT/LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## CONT. NOTE 11

### Balance sheet

SEK million	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010		
<b>ASSETS</b>							
<b>FIXED ASSETS</b>							
Goodwill	–	147	147	142	144		
Other intangible assets	450	264	265	265	32		
<b>Intangible assets</b>	<b>450</b>	<b>411</b>	<b>412</b>	<b>407</b>	<b>176</b>		
Tangible assets	2,189	2,550	2,518	2,384	2,312		
Financial assets	–2,529	–2,516	–1,403	–1,126	–1,068		
Deferred tax assets	91	91	91	92	96		
<b>FIXED ASSETS</b>	<b>201</b>	<b>536</b>	<b>1,618</b>	<b>1,757</b>	<b>1,516</b>		
<b>CURRENT ASSETS</b>							
Current receivables	104	134	134	155	164		
Cash and cash equivalents	50	26	58	61	36		
<b>CURRENT ASSETS</b>	<b>154</b>	<b>160</b>	<b>192</b>	<b>216</b>	<b>200</b>		
<b>ASSETS</b>	<b>355</b>	<b>696</b>	<b>1,810</b>	<b>1,973</b>	<b>1,716</b>		
<b>EQUITY AND LIABILITIES</b>							
<b>LONG-TERM LIABILITIES</b>							
Interest-bearing liabilities	–	332	287	247	216		
<b>LONG-TERM LIABILITIES</b>	<b>–</b>	<b>332</b>	<b>287</b>	<b>247</b>	<b>216</b>		
<b>SHORT-TERM LIABILITIES</b>							
Interest-bearing liabilities	–	–	1,171	1,187	1,260		
Non-interest-bearing liabilities	355	364	352	539	240		
<b>SHORT-TERM LIABILITIES</b>	<b>355</b>	<b>364</b>	<b>1,523</b>	<b>1,726</b>	<b>1,500</b>		
<b>EQUITY AND LIABILITIES</b>	<b>355</b>	<b>696</b>	<b>1,810</b>	<b>1,973</b>	<b>1,716</b>		
<b>Cash flow statement</b>							
SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>OPERATING ACTIVITIES</b>							
Cash flow from operations, less paid taxes	285	314	59	69	82	75	64
Changes in working capital	157	42	54	–18	68	53	26
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>442</b>	<b>356</b>	<b>113</b>	<b>51</b>	<b>150</b>	<b>128</b>	<b>90</b>
<b>INVESTING ACTIVITIES</b>							
Capital expenditure in intangible and tangible assets, CAPEX	–905	–355	–353	–69	–400	–83	–171
<b>Cash flow after CAPEX</b>	<b>–463</b>	<b>1</b>	<b>–240</b>	<b>–18</b>	<b>–250</b>	<b>45</b>	<b>–81</b>
Acquisition of shares and participations	–372	118	–12	–375	–	15	–
Changes of long-term receivables from joint ventures	1,999	200	276	1,487	234	2	200
Cash flow from investing activities	722	–37	–89	1,043	–166	–66	29
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>	<b>1,164</b>	<b>319</b>	<b>24</b>	<b>1,094</b>	<b>–16</b>	<b>62</b>	<b>119</b>
<b>FINANCING ACTIVITIES</b>							
Change of loans, net	–1,150	–393	–	–1,126	13	–37	–134
<b>Cash flow from financing activities</b>	<b>–1,150</b>	<b>–393</b>	<b>–</b>	<b>–1,126</b>	<b>13</b>	<b>–37</b>	<b>–134</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>14</b>	<b>–74</b>	<b>24</b>	<b>–32</b>	<b>–3</b>	<b>25</b>	<b>–15</b>
Cash and cash equivalents at beginning of period	36	110	26	58	61	36	51
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>50</b>	<b>36</b>	<b>50</b>	<b>26</b>	<b>58</b>	<b>61</b>	<b>36</b>

### Net sales

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	222	382	40	70	61	51	62
Other operations	–4	–11	2	–2	–3	–1	–4
<b>TOTAL</b>	<b>218</b>	<b>371</b>	<b>42</b>	<b>68</b>	<b>58</b>	<b>50</b>	<b>58</b>
<b>Norway</b>							
Mobile	74	66	–	27	24	23	19
<b>TOTAL</b>	<b>74</b>	<b>66</b>	<b>–</b>	<b>27</b>	<b>24</b>	<b>23</b>	<b>19</b>
<b>Mobile</b>	<b>296</b>	<b>448</b>	<b>40</b>	<b>97</b>	<b>85</b>	<b>74</b>	<b>81</b>
<b>Other operations</b>	<b>–4</b>	<b>–11</b>	<b>2</b>	<b>–2</b>	<b>–3</b>	<b>–1</b>	<b>–4</b>
	292	437	42	95	82	73	77
Internal sales, elimination	–41	–16	–29	–6	–2	–4	–7
<b>TOTAL</b>	<b>251</b>	<b>421</b>	<b>13</b>	<b>89</b>	<b>80</b>	<b>69</b>	<b>70</b>

### Internal sales

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	16	12	8	4	2	2	5
Other operations	25	4	21	2	–	2	2
<b>TOTAL</b>	<b>41</b>	<b>16</b>	<b>29</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>7</b>

### EBITDA

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	318	345	82	76	85	75	72
<b>TOTAL</b>	<b>318</b>	<b>345</b>	<b>82</b>	<b>76</b>	<b>85</b>	<b>75</b>	<b>72</b>
<b>Norway</b>							
Mobile	42	14	–	17	13	12	6
<b>TOTAL</b>	<b>42</b>	<b>14</b>	<b>–</b>	<b>17</b>	<b>13</b>	<b>12</b>	<b>6</b>
<b>TOTAL</b>	<b>360</b>	<b>359</b>	<b>82</b>	<b>93</b>	<b>98</b>	<b>87</b>	<b>78</b>

### EBIT

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	66	18	23	19	14	10	6
<b>TOTAL</b>	<b>66</b>	<b>18</b>	<b>23</b>	<b>19</b>	<b>14</b>	<b>10</b>	<b>6</b>
<b>Norway</b>							
Mobile	16	12	–	8	4	4	9
<b>TOTAL</b>	<b>16</b>	<b>12</b>	<b>–</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>9</b>
	82	30	23	27	18	14	15
One-off items	–	–96	–	–	–	–	–96
<b>TOTAL</b>	<b>82</b>	<b>–66</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>–81</b>

#### SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>EBITDA</b>	<b>360</b>	<b>359</b>	<b>82</b>	<b>93</b>	<b>98</b>	<b>87</b>	<b>78</b>
One-off items in result from shares in joint ventures	–	–96	–	–	–	–	–96
Depreciation/amortization and other impairment	–262	–280	–61	–66	–72	–63	–60
Result from shares in associated companies and joint ventures	–16	–49	2	–	–8	–10	–3
<b>EBIT</b>	<b>82</b>	<b>–66</b>	<b>23</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>–81</b>

## CONT. NOTE 11

### CAPEX

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
<b>Sweden</b>							
Mobile	882	254	356	56	127	343	155
	<b>882</b>	<b>254</b>	<b>356</b>	<b>56</b>	<b>127</b>	<b>343</b>	<b>155</b>
<b>Norway</b>							
Mobile	130	190	1	36	62	31	105
	<b>130</b>	<b>190</b>	<b>1</b>	<b>36</b>	<b>62</b>	<b>31</b>	<b>105</b>
<b>TOTAL</b>	<b>1,012</b>	<b>444</b>	<b>357</b>	<b>92</b>	<b>189</b>	<b>374</b>	<b>260</b>

### ADDITIONAL CASH FLOW INFORMATION

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
CAPEX according to balance sheet	-1,012	-444	-357	-92	-189	-374	-260
This year unpaid CAPEX and paid CAPEX from previous year	107	89	4	23	-211	291	89
<b>Paid CAPEX, according to cash flow statement</b>	<b>-905</b>	<b>-355</b>	<b>-353</b>	<b>-69</b>	<b>-400</b>	<b>-83</b>	<b>-171</b>

### KEY RATIOS

SEK million	2011	2010	2009	2008
Net sales	251	421	400	300
EBITDA	360	359	227	225
EBIT	82	-66	45	120
EBT	7	-96	-	-
Total assets	355	1,716	2,268	2,360
Cash flow from operating activities	442	356	309	192
Cash flow after CAPEX	-463	1	-143	-251
Available liquidity	50	440	110	35
Net debt	2,149	1,726	1,842	2,060
Investments in intangible and tangible assets, CAPEX	1,012	444	452	443
Investments in shares, short-term investments etc	-1,627	-318	-352	-87
<b>Key ratios</b>				
EBITDA margin, %	0.7	0.6	0.4	0.4
EBIT margin, %	0.1	-0.3	-	0.2
Equity/assets ratio, %	-	-3	-4	-3
Debt/equity ratio, multiple	0.10	0.06	0.06	0.08
Return on capital employed, %	-0.4	-1.4	-0.9	-0.1
Average interest rate, %	-0.5	-2.7	-1.1	-
<b>Value per share (SEK)</b>				
Cash flow from operating activities	0.99	0.81	0.70	0.43

### NOTE 12 CHANGED ACCOUNTING PRINCIPLE FOR INTERNAL SALE

From January 1, 2012 internal sales within the segments (countries) are not reported in net sales and internal sales for the respective segment.

The comparable periods are restated. The effects on the financial statements are stated below.

SEK million	2011 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Full year	2010 Q4
<b>Internal net sales</b>							
<b>Sweden</b>							
- mobile	-410	-148	-97	-86	-79	-235	-73
- fixed broadband	-14	-5	-4	-4	-1	-14	-2
- other operations	-31	-21	-3	-3	-4	-26	-2
	<b>-455</b>	<b>-174</b>	<b>-104</b>	<b>-93</b>	<b>-84</b>	<b>-275</b>	<b>-77</b>
<b>Norway, mobile</b>	<b>-32</b>	<b>-32</b>	-	-	-	-	-
<b>Russia, mobile</b>	<b>-206</b>	<b>-49</b>	<b>-66</b>	<b>-60</b>	<b>-31</b>	<b>-154</b>	<b>-39</b>
<b>Netherlands</b>							
- fixed broadband	-8	-2	-1	-3	-2	-12	-3
- other operations	-51	-17	-15	-10	-9	-3	-3
	<b>-59</b>	<b>-19</b>	<b>-16</b>	<b>-13</b>	<b>-11</b>	<b>-15</b>	<b>-6</b>
<b>Other, other operations</b>	<b>-4</b>	-	-1	-	-3	<b>-11</b>	<b>1</b>
<b>TOTAL</b>							
- mobile	<b>-648</b>	<b>-229</b>	<b>-163</b>	<b>-146</b>	<b>-110</b>	<b>-389</b>	<b>-112</b>
- fixed broadband	<b>-22</b>	<b>-7</b>	<b>-5</b>	<b>-7</b>	<b>-3</b>	<b>-26</b>	<b>-5</b>
- other operations	<b>-86</b>	<b>-38</b>	<b>-19</b>	<b>-13</b>	<b>-16</b>	<b>-40</b>	<b>-4</b>
	<b>-756</b>	<b>-274</b>	<b>-187</b>	<b>-166</b>	<b>-129</b>	<b>-455</b>	<b>-121</b>
Internal sales, elimination	756	274	187	166	129	455	121
<b>Net sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### NOTE 13 OTHER RECLASSIFICATIONS

#### WITHHOLDING TAX ON DIVIDEND

Withholding taxes on dividends, paid by subsidiaries, were previously reported as other comprehensive income. From 2012, these taxes are reported as current tax in the income statement. The comparable periods are re-presented. The effects on the financial statements are stated below.

SEK million	2011 Full year	2011 Q4	2011 Q3	2011 Q2	2010 Full year	2009 Full year
<b>Income statement</b>						
Current income tax	-153	-1	9	-161	-12	-19

#### CONSTRUCTION IN PROGRESS

A reclassification was made of construction in progress related to intangible assets previously reported as construction in progress in tangible assets until it was completed and by that time reclassified to intangible assets, to being reported as construction in progress in intangible assets already from the start. The effects on the financial statements are stated below.

SEK million	2012 Sep 30	2012 Jun 30	2012 Mar 31	2011 Dec 31	2010 Dec 31
<b>Balance sheet</b>					
Intangible assets	476	604	590	537	579
Tangible assets	-476	-604	-590	-537	-579