

FIRST QUARTER 2014

25th of April 2014
Tele2 AB

TELE2

Q1 2014 in brief

Tele2 Group – Financial overview

Net sales (SEK billion)	EBITDA (SEK billion)	EBITDA margin (percent)	CAPEX (SEK billion)
7.11 (7.30*)	1.38 (1.49*)	19 (20*)	0.96 (2.12*)

Q1 Financial Highlights

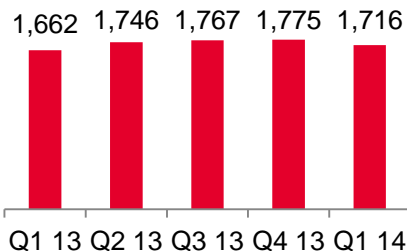
- Group financial performance in line with 2014 guidance
- Mobile end-user service revenue growth of 3.0% for the Group
- Group Mobile Net intake of 68,000 customers

Note: Numbers in parenthesis are Q1 2013 numbers
*Incl. the divested Swedish cable business

Mobile end-user service revenue

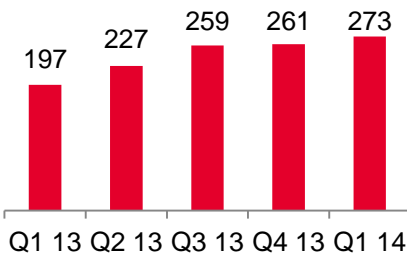
Sweden

(SEK million)



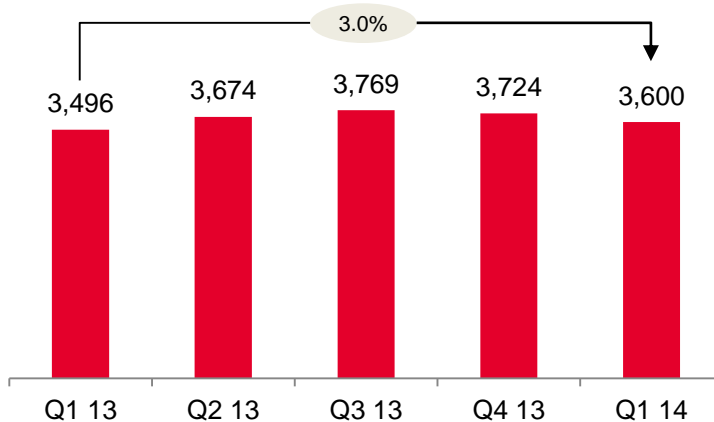
Netherlands

(SEK million)



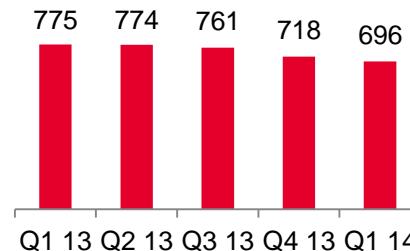
Tele2 Group

(SEK million)



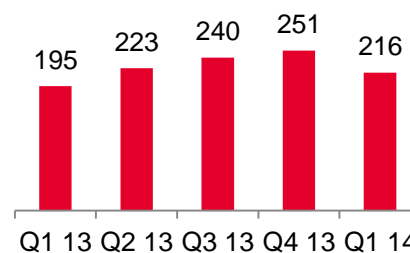
Norway

(SEK million)



Kazakhstan

(SEK million)



Note: Mobile end-user service revenue excludes interconnect and equipment sales

Significant events in the quarter



Decision made to build out the 2G/4G network during 2014-2016 and thereby increase the geographical coverage from today's 70% to 90%



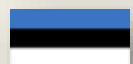
Network roll-out achieving important milestones



Initiated strategic review following the auction process



First EBITDA-positive quarter since commercial launch and Net intake positive

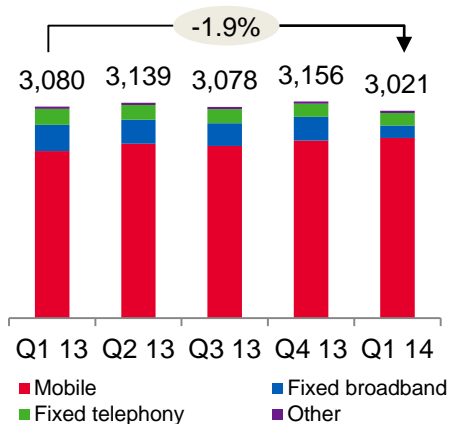


Tele2 Estonia acquired two mobile licenses in the 800 MHz and 2,100 MHz frequency bands for SEK 54 million

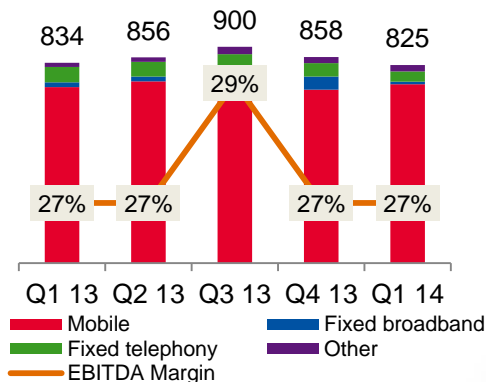
Country Performance

Tele2 Sweden

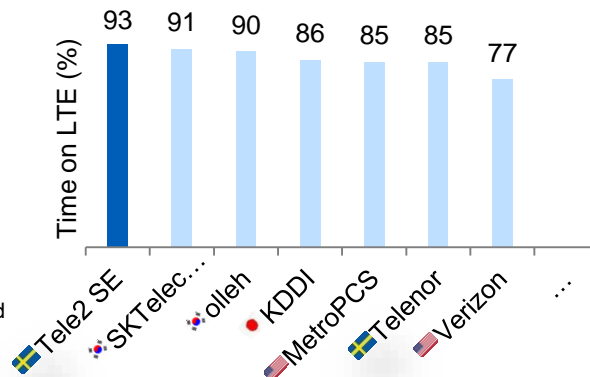
Net sales
(SEK million)



EBITDA
(SEK million)



Tele2 Sweden has the best 4G network in the world*



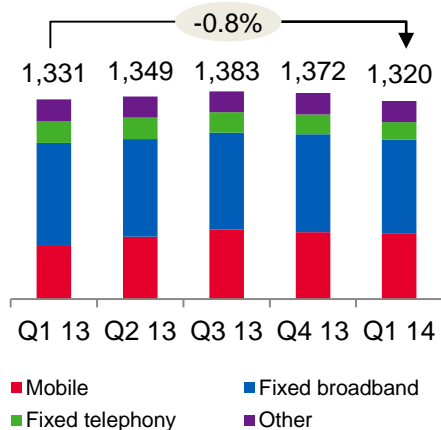
Q1 Highlights

- **Residential:** The shift from pay as you go to bucket price plans has continued, with 56% of customer stock now on bucket price plans. Also, 86% of handsets sold were 4G enabled further demonstrating the continued strong demand for mobile data
- **Business:** Continued mobile growth lead by increased ASPU in the SME segment as well as increased customer base overall. Significant increase in demand for mobile data, via smartphones as well as mobile broad band products
- **Comviq:** A stable delivery from Customer Operations and successful marketing campaigns have resulted in a slowing rate of decline in the prepaid segment. Also, the roll-out of the To Go concept has continued with 200 new pick-up locations during Q1

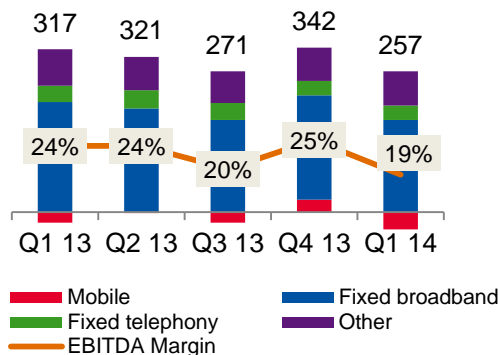
*According to Open Signal - The State of LTE (February 2014)

Tele2 Netherlands

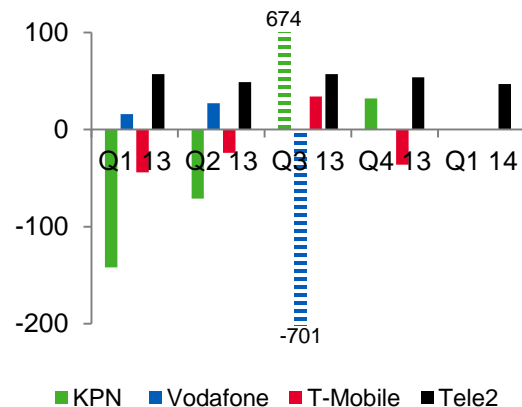
Net sales
(SEK million)



EBITDA
(SEK million)



Quarterly Net adds*
(x1000)



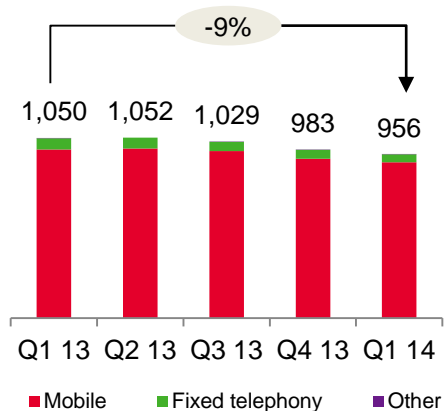
Q1 Highlights

- **General:** Successful launch of the new 'value champion' brand, resulted in an increased marketing performance
- **Consumer Mobile:** Fastest growing mobile provider in terms of subscribers for the 9th consecutive quarter
- **MNO:** Significant milestones reached for the 4G roll-out; new mobile core in place, agreement with Eurofiber signed to support backhaul and successful testing of VoLTE and CSFB
- **Consumer Broadband:** Improved TV-product with new channels (HBO and three others) and 11 channels upgraded to HD quality

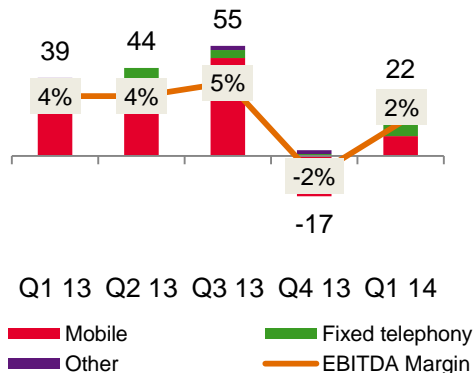
*Lycamobile switched from Vodafone to KPN to support their MVNO network. The patterned bars are therefore cut.

Tele2 Norway

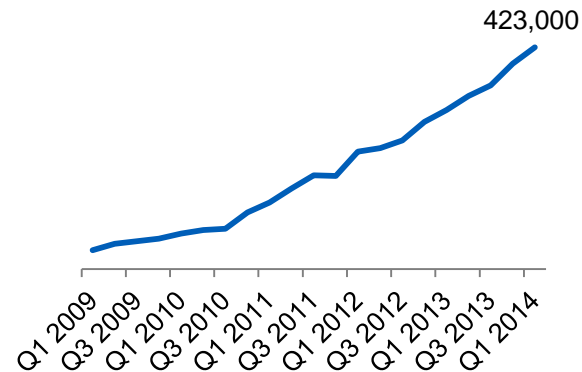
Net sales
(SEK million)



EBITDA
(SEK million)



One Call customer growth
development

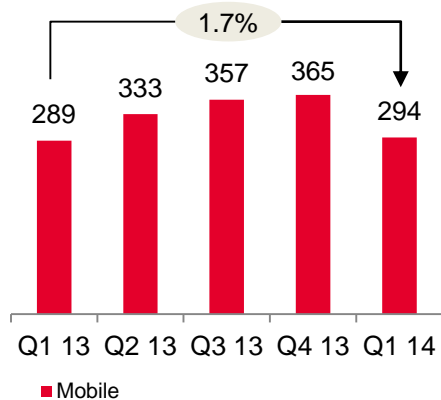


Q1 Highlights

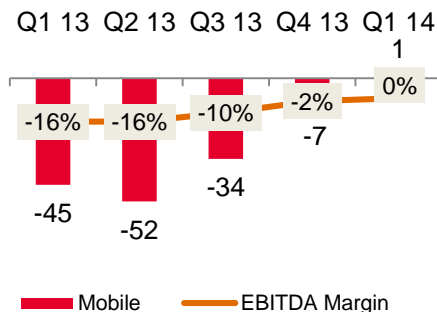
- Initiated strategic review following the auction process
- Commercial efforts will continue
- One Call is now the 3rd largest mobile brand in Norway in terms of customers. One Call reached 423,000 customers during Q1 and continues to grow
- In March, One Call was awarded the prize for best customer service in the telecommunication sector for the 3rd consecutive year by TNS Gallup in their annual customer service survey

Tele2 Kazakhstan

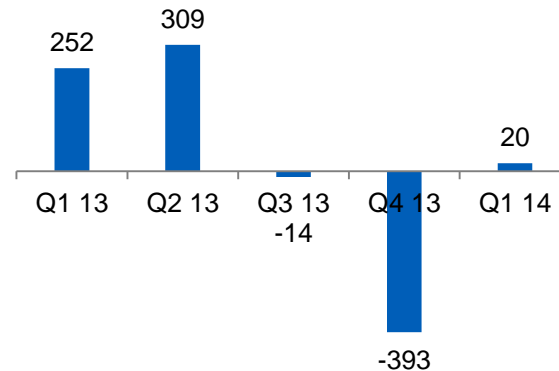
Net sales
(SEK million)



EBITDA
(SEK million)



Net intake
(thousands)



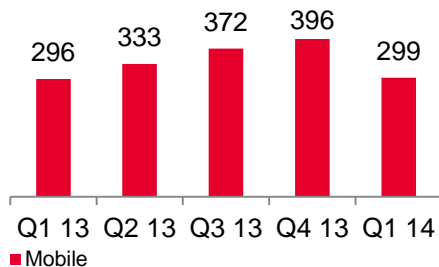
Q1 Highlights

- Steadily growing customer base; January Net intake -49,000, February Net intake -1,000 and March Net intake of 70,000 customers, mainly driven by growth in regular sales via dealers, improved distribution as well as promotional offers
- Positive EBITDA of SEK 1 million in the quarter supported by customer growth and lower mobile termination rates
- Net sales growth was negatively affected by reduced mobile termination rates
- At constant currency Net sales increased by 13.9%

Tele2 Croatia and Tele2 Lithuania

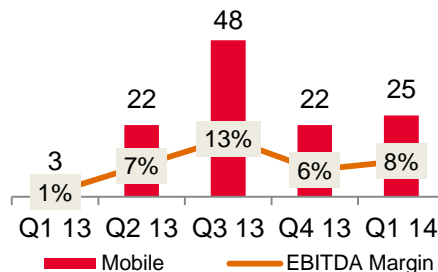
Croatia Net sales

(SEK million)



Croatia EBITDA

(SEK million)

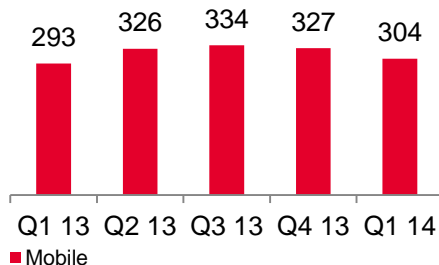


Croatia Q1 Highlights

- Net intake of 6,000 customers, still growing despite a declining market
- Revenue market share above 20%
- Won the Best Buy Award 2014, awarded by ICERTIAS (prepaid category)

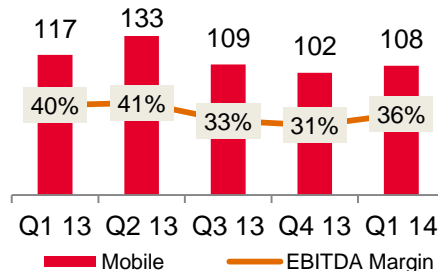
Lithuania Net sales

(SEK million)



Lithuania EBITDA

(SEK million)



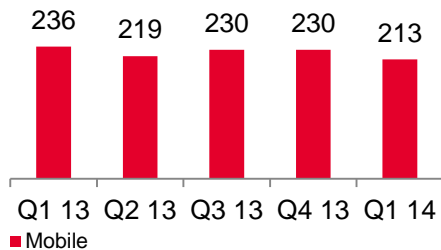
Lithuania Q1 Highlights

- Intense competition due to continued price war and intensive media pressure
- However, Tele2 Lithuania kept the market leader position and grew with a Net intake of 18,000 customers in the quarter

Tele2 Latvia and Tele2 Estonia

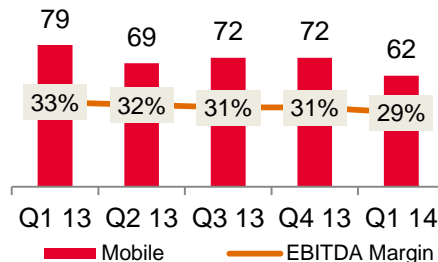
Latvia Net sales

(SEK million)



Latvia EBITDA

(SEK million)

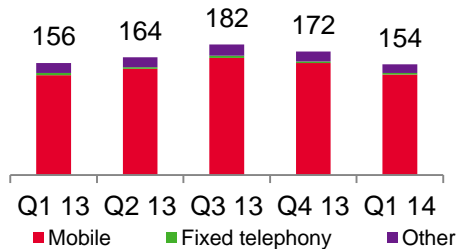


Latvia Q1 Highlights

- Customers transitioning from prepaid to postpaid
- EBITDA margin at 29% affected by price pressure in the market
- Self-service initiatives, billing improvements and introduction of 4G

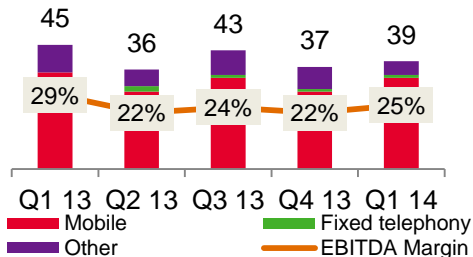
Estonia Net sales

(SEK million)



Estonia EBITDA

(SEK million)



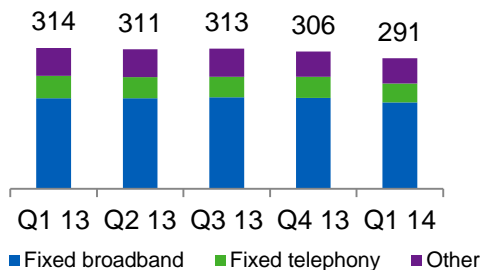
Estonia Q1 Highlights

- Tele2 Estonia acquired two mobile licenses in the 800 MHz and 2,100 MHz frequency bands
- Key focus to improve Net sales and customer intake
- New management team in place

Tele2 Austria and Tele2 Germany

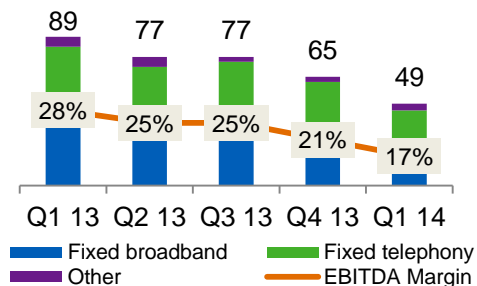
Austria Net sales

(SEK million)



Austria EBITDA

(SEK million)

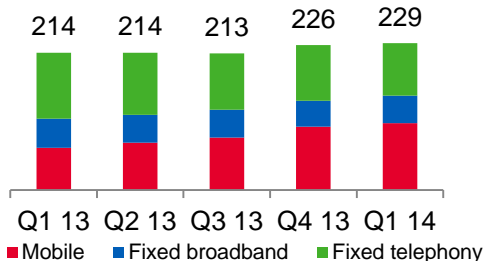


Austria Q1 Highlights

- Focus on growing the B2B customer base
- Growth program with increased marketing and sales activities is being initiated to improve net intake
- Temporary EBITDA decline due to the growth program

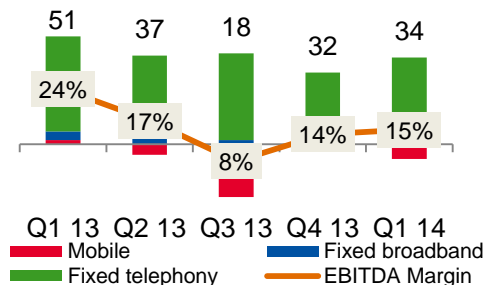
Germany Net sales

(SEK million)



Germany EBITDA

(SEK million)



Germany Q1 Highlights

- Mobile Net intake was 20,000
- Mobile Net sales grew by 58% YoY
- Low EBITDA margin of 15%, affected by investment in mobile growth

Financial Overview

Group result Q1 2014

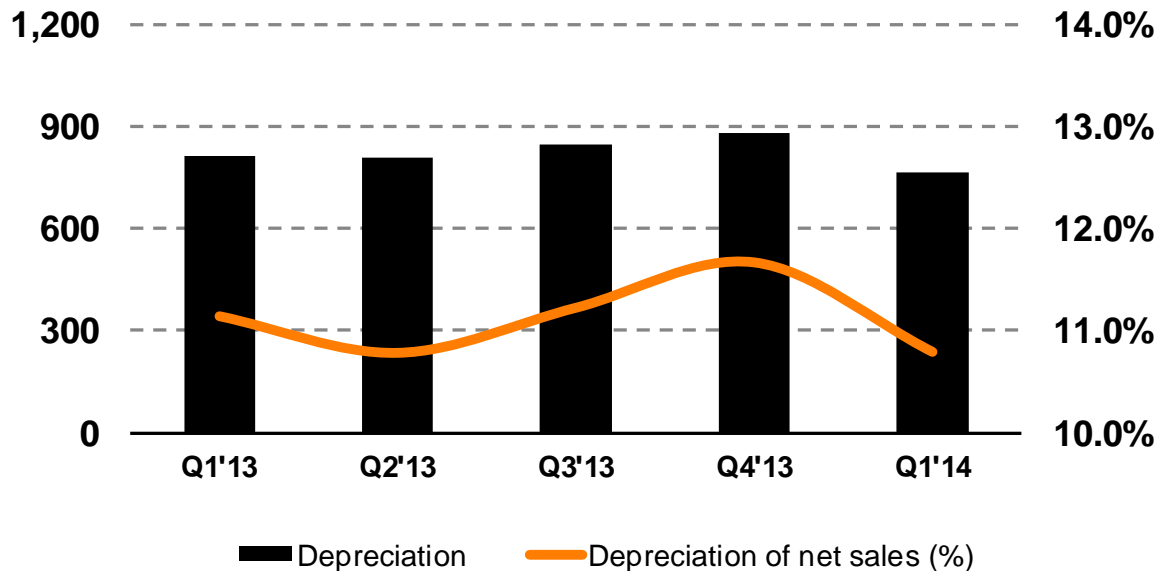
<i>SEK million</i>	YTD 2014	YTD 2013	FY 2013	▲ %
Net sales	7,108	7,298	29,871	-2.6%
EBITDA	1,381	1,488	5,990	-7.2%
EBITDA margin (%)	19.4%	20.4%	20.1%	-1.0%
Depreciation & associated companies	-769	-820	-3,364	-6.2%
Depreciation of net sales (%)	-10.8%	-11.1%	-11.2%	0.3%
One-off items	242	2	-434	
EBIT	854	670	2,192	27.5%
Normalized EBIT	612	668	2,626	-8.4%
Normalized EBIT margin (%)	8.6%	9.2%	8.8%	-0.5%
Financial items	-142	-117	-614	
Taxes	-237	-200	-923	
Net profit, continuing operations	475	353	655	34.6%
Discontinued operations	-	656	13,935	
Net profit	475	1,009	14,590	-52.9%

- In Q1 2014, EBIT was positively affected by SEK 257 million as a result of the sale of residential cable and fiber operation in Sweden as well as negatively by SEK -18 million due to devaluation of KZT.

Depreciation

Depreciation and Depreciation as a percentage of net sales

SEK million



Financial items

SEK million

<i>Financial items, expensed</i>	YTD 2014	YTD 2013	FY 2013
Interst income/costs	-89	-130	-391
Exchange rate differences, external	-20	15	-35
Exchange rate differences, intragroup	-2	37	-33
Other financial items	-31	-39	-155
Total	-142	-117	-614

<i>Financial items, paid</i>	YTD 2014	YTD 2013	FY 2013
Excluding Russia			
Interst paid	-64	-105	-305
Russia			
Interst paid	-	-69	-69
TOTAL			
Interst paid	-64	-174	-374

Taxes

SEK million

<i>Taxes, expensed</i>	YTD 2014	YTD 2013	FY 2013
Normal	-237	-200	-920
One-off	-	-	-3
Total	-237	-200	-923

<i>Taxes, paid</i>	YTD 2014	YTD 2013	FY 2013
Excluding Russia			
Normal	-125	-155	-302
One-off	-	-	-
	-125	-155	-302
Discontinued operations			
Russia	-	-177	-177
Total	-125	-332	-479

- Deferred tax assets at year-to-date amounted to SEK 2.6 (Dec 2013: 2.8) billion
- Taxes expensed include tax costs in Luxembourg with no cash flow effect of SEK -76 (-48) million for Q1

Cash flow

<i>SEK million</i>	YTD 2014	YTD 2013	FY 2013
OPERATING ACTIVITIES			
Cash flow from operations, excl taxes and interest	1,395	2,748	7,117
Interest paid	-64	-174	-374
Taxes paid	-125	-332	-479
Change in working capital	-699	-667	-451
Cash flow from operating activities	507	1,575	5,813
INVESTING ACTIVITIES			
CAPEX paid	-1,062	-2,461	-5,241
Cash flow after paid CAPEX	-555	-886	572
Shares and other financial assets	763	-104	17,235
Cash flow after investing activities	208	-990	17,807

Cash flow excl. Russia

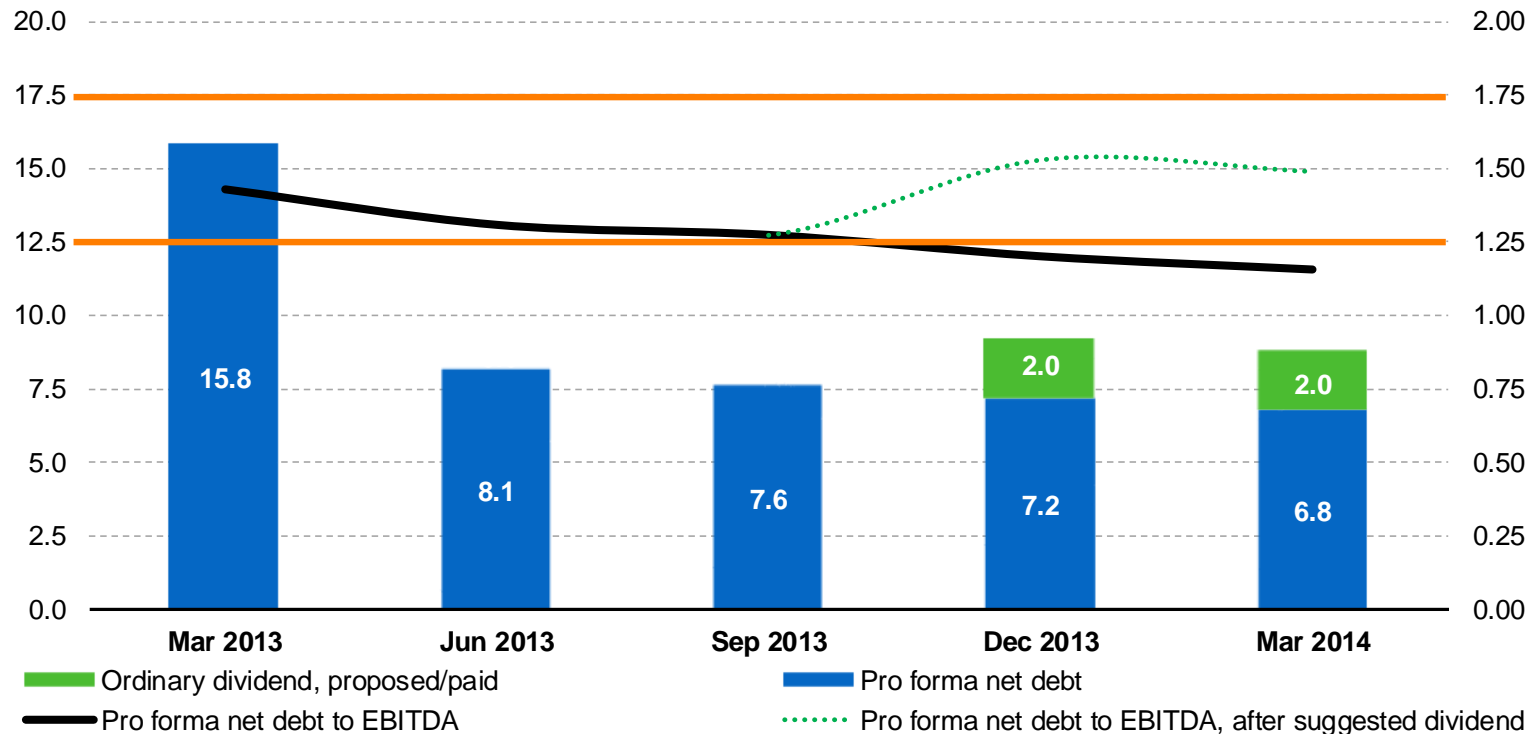
<i>SEK million</i>	YTD 2014	YTD 2013	FY 2013
OPERATING ACTIVITIES			
Cash flow from operations, excl taxes and interest	1,395	1,563	5,932
Interest paid	-64	-105	-305
Taxes paid	-125	-155	-302
Change in working capital	-699	-451	-235
Cash flow from operating activities	507	852	5,090
INVESTING ACTIVITIES			
CAPEX paid	-1,062	-2,145	-4,925
Cash flow after paid CAPEX	-555	-1,293	165
Shares and other financial assets	767	-1	-17
Cash flow after investing activities	212	-1,294	148

- YTD working capital affected by SEK -47 (-98) million due to accrued handset sales

Debt position and ratio

Pro forma net debt/ EBITDA 12 m rolling

SEK billion / Ratio



Conclusion

Summary and Priorities

Summary

- The Group continues to grow within mobile; End-user service revenue is increasing fast in the Netherlands and in Kazakhstan and at a steady rate in Sweden
- Positive Net intake in Kazakhstan and the trend is expected to continue
- Croatia continued operational improvement
- 2014 guidance unchanged

Priorities

- Constant focus on MNO roll out in the Netherlands and Kazakhstan
- Cement the position of Tele2 Sweden as the leader in mobile data services
- The strategic review following the auction process continues in Norway

Q&A

**THE
END**

TELE2