

# INTERIM REPORT SECOND QUARTER 2018

**TELE2**

## Q2 2018 HIGHLIGHTS

- Mobile end-user service revenue growth of 5 percent and adjusted EBITDA growth of 12 percent, like-for-like
- Rolling 12 months operating cash flow growth of 20 percent, with 5 percent growth in our Baltic Sea Challenger businesses
- Sweden successfully defended mobile revenue and stabilized adjusted EBITDA despite headwinds from Roam Like at Home and low-end price competition
- Kazakhstan adjusted EBITDA margin of 34 percent, and accumulated repayments of the shareholder loan reaching SEK 0.6 billion
- 2018 financial guidance upgraded (see p.5)

### Key Financial Data

SEK million	Q2			H1		
	2018	2017	%	2018	2017	%
Revenue	6,491	6,152	6	12,751	12,117	5
Revenue, like-for-like	6,491	6,211	5	12,751	12,180	5
Mobile end-user service revenue	3,580	3,391	6	6,991	6,674	5
Mobile end-user service revenue, like-for-like	3,580	3,414	5	6,991	6,690	4
Adjusted EBITDA	1,789	1,581	13	3,455	3,157	9
Adjusted EBITDA, like-for-like	1,789	1,599	12	3,455	3,180	9
Operating profit	1,040	895	16	2,044	1,731	18
Operating profit excluding items affecting comparability (Note 3)	1,170	961	22	2,243	1,902	18
Net profit	670	530	26	1,295	1,062	22
Earnings per share, after dilution (SEK)	1.26	1.10	15	2.49	2.23	12
Operating cash flow, rolling 12 months	4,718	3,932	20	4,718	3,932	20

#### Revenue Q2 2018

**6,491**  
SEK million

#### Adjusted EBITDA Q2 2018

**1,789**  
SEK million

### Continuing operations

Figures presented in this report refer to Q2 2018 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2017. Tele2 Netherlands is reported as a discontinued operation, with comparative figures represented. Discontinued operations also include the former operations in Austria, Italy and Russia. See Note 11.

### Non-IFRS measures

This report contains certain non-IFRS measures which are defined and reconciliated to the closest reconcilable line items on page 14.

### Updated terminology

In this report, the following terminology has been changed:

- Net sales has been changed to Revenue
- EBITDA has been changed to Adjusted EBITDA
- EBITDA margin has been changed to Adjusted EBITDA margin
- EBIT has been changed to Operating profit/loss
- EBT has been changed to Profit/loss after financial items

# CEO Word, Q2 2018

As we move into the second half of this transformative year, our business continues to deliver strong results with 5 percent growth in mobile end-user service revenue and 12 percent growth in adjusted EBITDA on a like-for-like basis. This is our 12<sup>th</sup> consecutive quarter of delivering results ahead of expectations, and provides us with confidence to raise our full year adjusted EBITDA guidance.

Intensive preparations for our two transformative deals in Sweden and the Netherlands have continued throughout the quarter, with a number of key milestones achieved. In Sweden, we are now confident that the opex and capex synergies from the Com Hem merger will be higher than the previously communicated annual target of SEK 450 million. We have also submitted the merger document to the U.S. Securities and Exchange Commission after an extensive re-audit of our financial statements for the years 2015, 2016 and 2017. Meanwhile, the Dutch combination with T-Mobile completed Phase I of its regulatory process and entered, as expected, into Phase II. Both deals are still expected to close in the fourth quarter.

I am particularly pleased that our Swedish business remains resilient, winning both new postpaid smartphone consumers and new enterprise customers, and defended its mobile revenue despite the headwinds from Roam Like at Home and price competition. Our mobile consumer business successfully produced another quarter of positive net additions of postpaid, small-screen customers, in a market which has seen some increased activity in the price-oriented segment during the first half of this year. Such periods of increased activity have occurred before and, as we have done before, we leveraged our strong dual brand position and customer value propositions to successfully navigate the competitive environment. Swedish consumers continue to embrace the opportunity to consume more, with mobile data growing by 50 percent per postpaid customer. Customer satisfaction is our overarching mission to grow sustainable value in our business, and we proudly note that in April, Comviq and Tele2 claimed the two top spots in a ServiceScore survey of operators' ability to meet the service expectations of Swedish telecom consumers.

The Swedish business segment sequentially improved in the second quarter, and won several new enterprise customers, examples of which are the City of Gothenburg, Uppsala Municipality, Epiroc, Getinge and the Swedish Sports Federation. We expect some price pressure within B2B to continue in the short term, but customer wins seen over the past quarters should help to improve the revenue trend during the second half.

In the Baltics, our Lithuanian and Latvian businesses continue to deliver strong growth rates in mobile end-user service revenue of 12 and 10 percent respectively, in local currency. Estonia made a first step towards a financial turnaround, but even more important was our Customer First initiative, whereby we closed our Estonian telemarketing channel and re-directed resources to better serve existing, loyal customers. This initiative received extremely positive media coverage, and has now resulted in a new industry Code of Conduct to stop unsolicited telemarketing.

In summary, Sweden and the Baltics, together our Baltic Sea Challenger businesses, achieved a 5 percent rise in operating cash flow on a rolling 12-month basis, and cash conversion remained



**“The merits of the merger with Com Hem are increasingly clear, as is the logic of the combination with T-Mobile in the Netherlands. Both contribute to an existing strong roadmap for the creation of increased value for our customers in the coming years.”**

strong and stable at 80 percent, contributing to a 20 percent rise in 12-months rolling operating cash flow from continuing operations.

Both Kazakhstan and Croatia, our remaining investment markets, continue to deliver excellent results. Kazakhstan grew mobile end-user service revenue by 20 percent in local currency, driving further economies of scale, with the adjusted EBITDA margin expanding to 34 percent. Croatia continues to monetize on its improved product portfolio and strengthened brand perception since the beginning of 2017, contributing to mobile end-user service revenue growth of 13 percent in local currency and a new seasonal high in adjusted EBITDA.

To conclude, I am so proud of the whole Tele2 team, who have yet again delivered another quarter of improved customer satisfaction alongside strong financial results, as we pursue our mission to liberate people to live a more connected life. This purpose, and the strategic choices we have made over recent years, are the right ones. In particular, the merits of the merger with Com Hem are increasingly clear, as is the logic of the combination with T-Mobile in the Netherlands. Both contribute to an existing strong roadmap for the creation of increased value for our customers in the coming years, and consequently for our shareholders and our employees.

Allison Kirkby  
President and CEO

# Financial overview

Tele2's financial performance is driven by a consistent focus on developing mobile services on own infrastructure, complemented in certain countries by fixed broadband services and B2B offerings. In addition, the Group concentrates on maximizing the return from legacy fixed line services.

**Net customer intake** amounted to 150,000 (273,000) customers in Q2 2018. The customer net intake in mobile services amounted to 167,000 (296,000), with the main difference to last year seen in Kazakhstan. The fixed broadband customer base decreased by -4,000 (-5,000), with declines in both Sweden and Germany. In line with the market trend, the number of fixed telephony customers continued to decline. On June 30, 2018, the total customer base amounted to 15,469,000 (15,242,000).

**Revenue** in Q2 2018 amounted to SEK 6,491 (6,152) million. The increase in revenue is mainly explained by strong mobile end-user service revenue growth in the Baltics, Kazakhstan and Croatia as well as more equipment sales in Sweden and the Baltics.

**Mobile end-user service revenue** in Q2 2018 amounted to SEK 3,580 (3,391) million. The increase compared to last year is primarily related to customer and ASPU growth in the Baltics, Kazakhstan and Croatia.

**Adjusted EBITDA** in Q2 2018 amounted to SEK 1,789 (1,581) million, which is equivalent to an adjusted EBITDA margin of 28 (26) percent. The increase in adjusted EBITDA compared to last year is explained by higher profit levels in the Baltics, Kazakhstan and Croatia, driven by revenue growth.

**Operating profit** in Q2 2018 amounted to SEK 1,040 (895) million and SEK 1,170 (961) million excluding items affecting comparability. Operating profit was negatively affected by items affecting comparability totaling SEK -130 (-66) million, consisting of acquisition costs related to the Com Hem merger and integration costs for Com Hem and TDC in Sweden (Note 3).

**Profit after financial items** in Q2 2018 amounted to SEK 866 (722) million. The improvement compared to last year is explained by a higher operating profit.

**Net profit** in Q2 2018 was SEK 670 (530) million. Reported tax for Q2 2018 amounted to SEK -196 (-192) million. Tax payments affecting cash flow amounted to SEK -280 (-133) million in the quarter.

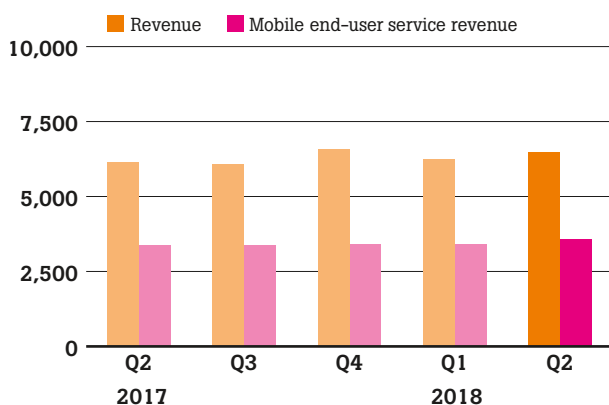
**CAPEX** in Q2 2018 amounted to SEK 568 (513) million, as investments were higher in all segments apart from Kazakhstan.

**Free cash flow** from total operations in Q2 2018 amounted to SEK 511 (820) million. This included a change in working capital of SEK -115 (415) million. Working capital was affected by timing differences and higher inventories to support increased equipment revenues, mainly related to the Swedish business. Positive contributions from changes in working capital in Q2 2017 in Sweden and the Netherlands were not repeated in Q2 2018. Free cash flow from continuing operations amounted to SEK 674 (972) million.

**Net debt** amounted to SEK 12,205 (12,445) million and economic net debt amounted to SEK 11,357 (12,023) million on June 30, 2018 and June 30, 2017 respectively, or 1.72 times 12 months rolling adjusted EBITDA.

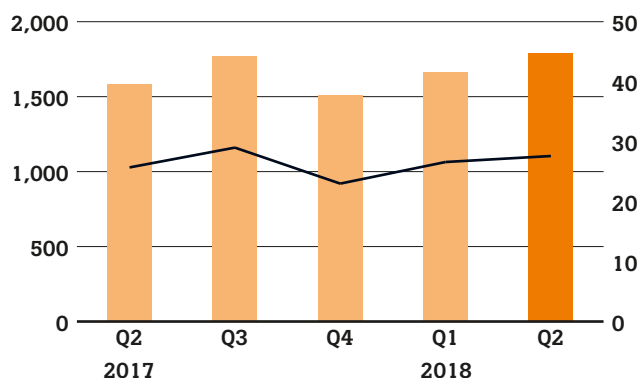
## Revenue and Mobile end-user service revenue

SEK million



## Adjusted EBITDA / Adjusted EBITDA margin

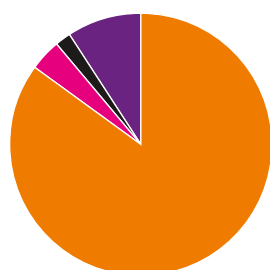
SEK million/Percent



## FINANCIAL SUMMARY

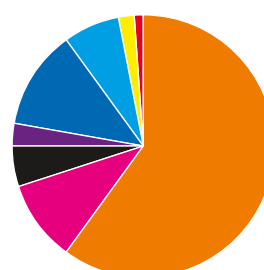
SEK million	Q2 2018	Q2 2017	FY 2017
<b>Mobile</b>			
Net customer intake (thousands)	167	296	428
Revenue	5,520	5,119	20,720
Adjusted EBITDA	1,658	1,438	5,848
Operating profit excl. items affecting comparability	1,164	971	3,870
CAPEX	374	382	1,353
<b>Fixed broadband</b>			
Net customer intake (thousands)	-4	-5	-21
Revenue	291	340	1,348
Adjusted EBITDA	36	39	153
Operating loss excl. items affecting comparability	-18	-23	-112
CAPEX	29	42	159
<b>Fixed telephony</b>			
Net customer intake (thousands)	-13	-18	-70
Revenue	113	141	546
Adjusted EBITDA	48	60	225
Operating profit excl. items affecting comparability	48	58	216
CAPEX	5	3	12
<b>Other operations</b>			
Revenue	567	552	2,172
Adjusted EBITDA	47	44	214
Operating loss excl. items affecting comparability	-24	-45	-130
CAPEX	160	86	409
<b>Group</b>			
Net customer intake (thousands)	150	273	336
Revenue	6,491	6,152	24,786
Adjusted EBITDA	1,789	1,581	6,440
Operating profit excl. items affecting comparability (Note 3)	1,170	961	3,844
Operating profit	1,040	895	3,586
CAPEX	568	513	1,933
Profit after financial items	866	722	2,930
Net profit	670	530	2,411
Cash flow from operating activities, total operations	1,186	1,674	5,732
Cash flow from operating activities, continuing operations	1,159	1,560	5,404
Free cash flow, total operations	511	820	2,519
Free cash flow, continuing operations	674	972	3,148

**Revenue per service area, Q2 2018**



Mobile	85%	Fixed telephony	2%
Fixed broadband	4%	Other	9%

**Revenue per country, Q2 2018**



Sweden	60%	Kazakhstan	12%
Lithuania	10%	Croatia	7%
Latvia	5%	Germany	2%
Estonia	3%	Other	1%

# Financial guidance

Tele2 AB upgrades the following guidance for 2018 for continuing operations in constant currencies:

- Mobile end-user service revenue growth of mid-single digits (unchanged)
- Adjusted EBITDA between SEK 6.8 and 7.1 billion (previously between SEK 6.5 and 6.8 billion)
- CAPEX between SEK 2.1 and 2.4 billion excluding spectrum investments (unchanged)

## **Financial leverage target and shareholder remuneration framework for Tele2, post the proposed merger with Com Hem**

The financial leverage target and shareholder remuneration framework are as follows:

- Enlarged Tele2 will seek to operate within a net debt/adjusted EBITDA range of between 2.5–3.0x and maintain investment grade credit metrics
- Enlarged Tele2's policy will aim to maintain target leverage by distributing capital to shareholders through:
  - An ordinary dividend of at least 80 percent of equity free cash flow; and
  - Extraordinary dividends and/or share repurchases, based on remaining equity free cash flow, proceeds from asset sales and re-leveraging of adjusted EBITDA growth

Based on this policy, Enlarged Tele2 is expected to distribute in excess of 100 percent of equity free cash flow to shareholders, through a combination of dividends and share repurchases.

# Overview by country

## Like-for-like figures

### Mobile end-user service revenue

SEK million	2018 Q2	2017 Q2	Growth
Sweden	1,925	1,936	-1%
Lithuania	335	300	12%
Latvia	194	177	10%
Estonia	110	119	-7%
Kazakhstan	613	512	20%
Croatia	272	241	13%
Germany	80	91	-12%
Other	51	40	30%
<b>Total</b>	<b>3,580</b>	<b>3,414</b>	<b>5%</b>

### Adjusted EBITDA

SEK million	2018 Q2	2017 Q2	Growth
Sweden	1,042	1,043	0%
Lithuania	205	182	13%
Latvia	120	102	18%
Estonia	40	48	-16%
Kazakhstan	264	149	77%
Croatia	69	41	69%
Germany	66	66	1%
Other	-17	-30	45%
<b>Total</b>	<b>1,789</b>	<b>1,599</b>	<b>12%</b>

## BALTIC SEA CHALLENGERS

### Sweden

Net mobile customer intake was positive at 3,000 (10,000), driven by strong performance by Comviq postpaid, partly offset by limited declines in Tele2 small-screen postpaid, mobile broadband and prepaid.

Mobile end-user service revenue declined by -1 percent but grew 1 percent excluding Roam Like at Home (RLAH).

Adjusted EBITDA from Sweden was close to the level of the previous year, as the revenue decline in the legacy fixed line segment and the impact of RLAH of SEK-37 million were balanced by successful cost management. The adjusted EBITDA margin was unchanged at 27 (27) percent despite higher equipment sales.

Capex represented around 5 percent of revenue, reflecting a stable level compared to Q2 2017.

### Sweden Consumer

Tough competition in the price-fighter segment continued in Q2, with several low price points advertised at the lower end of the market, while the value segment saw more stable pricing.

Tele2 launched tactical campaigns in several mobile market segments including offerings for students, Unlimited users, international travelers and Tele2 Kids users. Comviq performed well with its new product portfolio, launched in March, despite the tough competition.

Consumer mobile end-user service revenue development was flat, but grew by 1 percent excluding the impact from RLAH. In the postpaid small-screen segment, both Tele2 and Comviq reported positive mobile revenue growth, despite pressure from RLAH, driven by higher ASPU for Tele2 and strong growth in the customer base for Comviq.

Data consumption gradually increased in line with expectations, by approximately 50 percent, due to higher demand for larger data buckets on the Tele2 brand and also driven by Comviq's increased data bucket portfolio.

### Sweden B2B

As expected, the B2B market continued to be price competitive as more players actively challenge the incumbent operator.

The healthy customer momentum seen in previous quarters was sustained, with significant new contract wins including City of Gothenburg, Uppsala Municipality, Getinge, Swedish Sports Confederation and Epiroc.

Revenue growth was flat, with service revenue declining by 5 percent due to legacy services and RLAH, but with equipment revenue rising. Mobile end-user service revenue declined by 2 percent, but grew by 1 percent adjusted for RLAH. The improvement compared to previous quarters was driven by continued growth in the mobile customer base and somewhat subsiding ASPU pressure.

### Lithuania

The market was price competitive including below-the-line discounts by competitors. Tele2 focused on securing its customer base while making balanced pricing decisions.

The latest Tele2 campaign, titled Tele2 Flying House, was short-listed in Cannes Lions International Festival of Creativity.

The customer net intake improved to 26,000 (8,000), mainly attributable to consumer small-screen postpaid and mobile broadband customers.

Mobile end-user service revenue grew by 12 percent in local currency, driven both by the growth of the customer base and a higher postpaid ASPU.

The adjusted EBITDA margin declined slightly to 34 (36) percent, but adjusted EBITDA grew by 13 percent in local currency due to the growth in revenue.

### Latvia

There were moderate competition developments in the mobile market mainly around customer retention and prepaid campaigns.

Tele2 promoted family offers and launched a Smart Home campaign for the device segment. For the second consecutive year, Tele2 Latvia was recognized by the national regulator as having the highest mobile internet download speed in the country.

The customer intake was flat (12,000), helped by growth of mobile broadband customer base, offset by a decline in prepaid.

Mobile end-user service revenue grew by 10 percent in local currency, driven by postpaid ASPU growth on the back of data monetization through selling larger bundles.

Adjusted EBITDA grew by 18 percent in local currency and the adjusted EBITDA margin increased to 37 (34) percent, driven mainly by higher mobile end-user service revenue and successful cost management.



## **Estonia**

The competition environment was normal for the season with end-of-school and start-of-summer promotional campaigns by all operators. There were also targeted more-for-more initiatives by the competition towards certain market segments.

In April, Tele2 launched the Customer First initiative to end unsolicited telemarketing and focus more resources on the existing customer base. Furthermore, in June all three operators signed a Code of

Conduct for self-regulating telemarketing, stopping all cold-calling of residential mobile customers effective July 1.

Net adds were flat despite the continued loss of Starman mobile broadband customers following its takeover by Elisa.

Due to the aggressive price competition in previous quarters mobile end-user service revenue declined by 7 percent in local currency. However this represented a slight improvement over Q1, and the adjusted EBITDA margin improved sequentially to 20 percent.

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## **INVESTMENT MARKETS**

### **Kazakhstan**

All market players extended their temporary zero-rated access to social networks, reflecting growing competitive pressure. To remain competitive in the market Tele2 continues to offer zero-rated access to popular services, and in addition launched an updated roaming offer with unlimited usage of selected services for both brands.

The net customer intake was positive at 100,000 (239,000), but lower than last year reflecting increasing competition.

Mobile end-user service revenue grew by 20 percent in local currency, driven both by higher ASPU, related to new tariffs supporting monetization of increased data consumption, and a higher customer base.

The adjusted EBITDA margin reached 34 (22) percent driven by better operational efficiency and an improved product mix.

Capex remained limited to 12 percent of revenue, but is expected to increase in the second half of the year.

### **Croatia**

The competition was largely focused on convergent offers and short-term extra data promotions through main and sub-brands. Tele2 continued to push Unlimited data for both smartphones and mobile broadband.

A partnership for mobile gaming was signed between Tele2 and Valiance, a platform for professional mobile eSports. The first mobile gaming tournament was held in June.

Mobile end-user service revenue grew by 13 percent in local currency, driven by growth in both the smartphone and mobile broadband customer bases, supported by the popularity of the Unlimited product offerings.

Adjusted EBITDA grew by two thirds in local currency on the back of the strong increase in mobile end-user service revenue and helped by a reduction of frequency fees effective as of January 1, 2018. The spectrum fee saving is reflected in an increased level of investments into enhanced network quality.

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## **CASH GENERATOR**

### **Germany**

A continued focus on value-driven retention campaigns resulted in another quarter of decreasing churn rates and an expected revenue decline of 17 percent, in local currency.

The adjusted EBITDA margin of 48 (40) percent is the result of a successful management of operational expenses and customer credit risks.



# Number of customers

by thousands	Number of customers		Net intake			
	2018 Jun 30	2017 Jun 30	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
<b>Sweden</b>						
Mobile	3,823	3,861	-11	-43	3	10
Fixed broadband	46	56	-5	-6	-2	-3
Fixed telephony	112	145	-18	-18	-5	-8
Other operations	1	2	-	-	-	-
	<b>3,982</b>	<b>4,064</b>	<b>-34</b>	<b>-67</b>	<b>-4</b>	<b>-1</b>
<b>Lithuania</b>						
Mobile	1,834	1,775	42	2	26	8
	<b>1,834</b>	<b>1,775</b>	<b>42</b>	<b>2</b>	<b>26</b>	<b>8</b>
<b>Latvia</b>						
Mobile	942	954	-10	9	-	12
	<b>942</b>	<b>954</b>	<b>-10</b>	<b>9</b>	<b>-</b>	<b>12</b>
<b>Estonia</b>						
Mobile	459	474	-5	-5	-	-
	<b>459</b>	<b>474</b>	<b>-5</b>	<b>-5</b>	<b>-</b>	<b>-</b>
<b>Kazakhstan</b>						
Mobile	7,029	6,753	115	313	100	239
	<b>7,029</b>	<b>6,753</b>	<b>115</b>	<b>313</b>	<b>100</b>	<b>239</b>
<b>Croatia</b>						
Mobile	885	822	44	21	41	34
	<b>885</b>	<b>822</b>	<b>44</b>	<b>21</b>	<b>41</b>	<b>34</b>
<b>Germany</b>						
Mobile	134	153	-8	-16	-3	-7
Fixed broadband	30	40	-5	-5	-2	-2
Fixed telephony	174	207	-17	-21	-8	-10
	<b>338</b>	<b>400</b>	<b>-30</b>	<b>-42</b>	<b>-13</b>	<b>-19</b>
<b>TOTAL</b>						
Mobile	15,106	14,792	167	281	167	296
Fixed broadband	76	96	-10	-11	-4	-5
Fixed telephony	286	352	-35	-39	-13	-18
Other operations	1	2	-	-	-	-
<b>TOTAL NUMBER OF CUSTOMERS AND NET INTAKE</b>	<b>15,469</b>	<b>15,242</b>	<b>122</b>	<b>231</b>	<b>150</b>	<b>273</b>
<b>TOTAL NUMBER OF CUSTOMERS AND NET CHANGE</b>	<b>15,469</b>	<b>15,242</b>	<b>122</b>	<b>231</b>	<b>150</b>	<b>273</b>

# Revenue

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
<b>Sweden</b>				
Mobile	6,113	5,914	3,065	2,944
Fixed broadband	549	641	264	314
Fixed telephony	157	196	77	97
Other operations	1,023	998	514	509
	<b>7,842</b>	<b>7,749</b>	<b>3,920</b>	<b>3,864</b>
<b>Lithuania</b>				
Mobile	1,136	918	604	479
	<b>1,136</b>	<b>918</b>	<b>604</b>	<b>479</b>
<b>Latvia</b>				
Mobile	621	536	325	279
	<b>621</b>	<b>536</b>	<b>325</b>	<b>279</b>
<b>Estonia</b>				
Mobile	353	337	179	182
Fixed broadband	8	–	5	–
Fixed telephony	1	2	–	1
Other operations	23	21	12	11
	<b>385</b>	<b>360</b>	<b>196</b>	<b>194</b>
<b>Kazakhstan</b>				
Mobile	1,471	1,359	784	711
	<b>1,471</b>	<b>1,359</b>	<b>784</b>	<b>711</b>
<b>Croatia</b>				
Mobile	883	769	450	410
	<b>883</b>	<b>769</b>	<b>450</b>	<b>410</b>
<b>Germany</b>				
Mobile	158	172	80	85
Fixed broadband	44	53	22	26
Fixed telephony	75	89	36	43
	<b>277</b>	<b>314</b>	<b>138</b>	<b>154</b>
<b>Other</b>				
Mobile	94	72	51	40
Other operations	73	62	41	32
	<b>167</b>	<b>134</b>	<b>92</b>	<b>72</b>
<b>TOTAL</b>				
<b>Mobile</b>	<b>10,829</b>	<b>10,077</b>	<b>5,538</b>	<b>5,130</b>
<b>Fixed broadband</b>	<b>601</b>	<b>694</b>	<b>291</b>	<b>340</b>
<b>Fixed telephony</b>	<b>233</b>	<b>287</b>	<b>113</b>	<b>141</b>
<b>Other operations</b>	<b>1,119</b>	<b>1,081</b>	<b>567</b>	<b>552</b>
	<b>12,782</b>	<b>12,139</b>	<b>6,509</b>	<b>6,163</b>
Internal sales, elimination	–31	–22	–18	–11
<b>TOTAL</b>	<b>12,751</b>	<b>12,117</b>	<b>6,491</b>	<b>6,152</b>

# Mobile revenue split

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
<b>Sweden, mobile</b>				
End-user service revenue	3,836	3,883	1,925	1,936
Operator revenue	407	419	217	216
Equipment revenue	1,573	1,309	775	642
Other revenue	295	302	147	149
Internal sales	2	1	1	1
	<b>6,113</b>	<b>5,914</b>	<b>3,065</b>	<b>2,944</b>
<b>Lithuania, mobile</b>				
End-user service revenue	637	541	335	282
Operator revenue	118	107	63	55
Equipment revenue	368	261	198	138
Internal sales	13	9	8	4
	<b>1,136</b>	<b>918</b>	<b>604</b>	<b>479</b>
<b>Latvia, mobile</b>				
End-user service revenue	373	317	194	167
Operator revenue	98	102	51	53
Equipment revenue	141	110	75	56
Internal sales	9	7	5	3
	<b>621</b>	<b>536</b>	<b>325</b>	<b>279</b>
<b>Estonia, mobile</b>				
End-user service revenue	214	220	110	112
Operator revenue	43	38	24	20
Equipment revenue	93	77	43	49
Internal sales	3	2	2	1
	<b>353</b>	<b>337</b>	<b>179</b>	<b>182</b>
<b>Kazakhstan, mobile</b>				
End-user service revenue	1,147	1,039	613	545
Operator revenue	313	308	167	160
Equipment revenue	11	12	4	6
	<b>1,471</b>	<b>1,359</b>	<b>784</b>	<b>711</b>
<b>Croatia, mobile</b>				
End-user service revenue	532	430	272	224
Operator revenue	104	106	60	60
Equipment revenue	243	230	116	124
Internal sales	4	3	2	2
	<b>883</b>	<b>769</b>	<b>450</b>	<b>410</b>
<b>Germany, mobile</b>				
End-user service revenue	158	172	80	85
	<b>158</b>	<b>172</b>	<b>80</b>	<b>85</b>
<b>Other, mobile</b>				
End-user service revenue	94	72	51	40
	<b>94</b>	<b>72</b>	<b>51</b>	<b>40</b>
<b>TOTAL, MOBILE</b>				
End-user service revenue	<b>6,991</b>	<b>6,674</b>	<b>3,580</b>	<b>3,391</b>
Operator revenue	<b>1,083</b>	<b>1,080</b>	<b>582</b>	<b>564</b>
Equipment revenue	<b>2,429</b>	<b>1,999</b>	<b>1,211</b>	<b>1,015</b>
Other revenue	<b>295</b>	<b>302</b>	<b>147</b>	<b>149</b>
Internal sales	<b>31</b>	<b>22</b>	<b>18</b>	<b>11</b>
<b>TOTAL, MOBILE</b>	<b>10,829</b>	<b>10,077</b>	<b>5,538</b>	<b>5,130</b>

# Adjusted EBITDA

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
<b>Sweden</b>				
Mobile	1,887	1,925	962	927
Fixed broadband	59	74	27	32
Fixed telephony	48	56	25	31
Other operations	114	130	28	53
	<b>2,108</b>	<b>2,185</b>	<b>1,042</b>	<b>1,043</b>
<b>Lithuania</b>				
Mobile	382	318	205	171
	<b>382</b>	<b>318</b>	<b>205</b>	<b>171</b>
<b>Latvia</b>				
Mobile	223	183	120	95
	<b>223</b>	<b>183</b>	<b>120</b>	<b>95</b>
<b>Estonia</b>				
Mobile	62	82	32	41
Fixed broadband	4	–	3	–
Other operations	9	6	5	3
	<b>75</b>	<b>88</b>	<b>40</b>	<b>44</b>
<b>Kazakhstan</b>				
Mobile	466	279	264	158
	<b>466</b>	<b>279</b>	<b>264</b>	<b>158</b>
<b>Croatia</b>				
Mobile	121	63	69	39
	<b>121</b>	<b>63</b>	<b>69</b>	<b>39</b>
<b>Germany</b>				
Mobile	67	51	37	25
Fixed broadband	11	13	6	7
Fixed telephony	48	59	23	29
	<b>126</b>	<b>123</b>	<b>66</b>	<b>61</b>
<b>Other</b>				
Mobile	–49	–47	–31	–18
Other operations	3	–35	14	–12
	<b>–46</b>	<b>–82</b>	<b>–17</b>	<b>–30</b>
<b>TOTAL</b>				
Mobile	<b>3,159</b>	<b>2,854</b>	<b>1,658</b>	<b>1,438</b>
Fixed broadband	<b>74</b>	<b>87</b>	<b>36</b>	<b>39</b>
Fixed telephony	<b>96</b>	<b>115</b>	<b>48</b>	<b>60</b>
Other operations	<b>126</b>	<b>101</b>	<b>47</b>	<b>44</b>
<b>TOTAL</b>	<b>3,455</b>	<b>3,157</b>	<b>1,789</b>	<b>1,581</b>

# Operating profit/loss

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
<b>Sweden</b>				
Mobile	1,399	1,449	705	693
Fixed broadband	-57	-53	-26	-29
Fixed telephony	45	51	24	29
Other operations	-10	-9	-31	-19
	<b>1,377</b>	<b>1,438</b>	<b>672</b>	<b>674</b>
<b>Lithuania</b>				
Mobile	301	251	164	136
	<b>301</b>	<b>251</b>	<b>164</b>	<b>136</b>
<b>Latvia</b>				
Mobile	156	121	87	67
	<b>156</b>	<b>121</b>	<b>87</b>	<b>67</b>
<b>Estonia</b>				
Mobile	-	29	1	13
Fixed broadband	5	-	3	-
Fixed telephony	-	-	-	-
Other operations	5	3	3	2
	<b>10</b>	<b>32</b>	<b>7</b>	<b>15</b>
<b>Kazakhstan</b>				
Mobile	266	35	162	42
	<b>266</b>	<b>35</b>	<b>162</b>	<b>42</b>
<b>Croatia</b>				
Mobile	69	19	42	16
	<b>69</b>	<b>19</b>	<b>42</b>	<b>16</b>
<b>Germany</b>				
Mobile	67	48	37	23
Fixed broadband	10	11	5	6
Fixed telephony	48	59	24	29
	<b>125</b>	<b>118</b>	<b>66</b>	<b>58</b>
<b>Other</b>				
Mobile	-54	-49	-34	-19
Other operations	-7	-63	4	-28
	<b>-61</b>	<b>-112</b>	<b>-30</b>	<b>-47</b>
<b>TOTAL</b>				
<b>Mobile</b>	<b>2,204</b>	<b>1,903</b>	<b>1,164</b>	<b>971</b>
<b>Fixed broadband</b>	<b>-42</b>	<b>-42</b>	<b>-18</b>	<b>-23</b>
<b>Fixed telephony</b>	<b>93</b>	<b>110</b>	<b>48</b>	<b>58</b>
<b>Other operations</b>	<b>-12</b>	<b>-69</b>	<b>-24</b>	<b>-45</b>
	<b>2,243</b>	<b>1,902</b>	<b>1,170</b>	<b>961</b>
Items affecting comparability	-199	-171	-130	-66
<b>TOTAL</b>	<b>2,044</b>	<b>1,731</b>	<b>1,040</b>	<b>895</b>

# CAPEX

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
<b>Sweden</b>				
Mobile	265	178	154	119
Fixed broadband	72	74	29	42
Fixed telephony	8	4	5	3
Other operations	60	58	25	32
	<b>405</b>	<b>314</b>	<b>213</b>	<b>196</b>
<b>Lithuania</b>				
Mobile	60	52	38	23
	<b>60</b>	<b>52</b>	<b>38</b>	<b>23</b>
<b>Latvia</b>				
Mobile	44	37	20	20
	<b>44</b>	<b>37</b>	<b>20</b>	<b>20</b>
<b>Estonia</b>				
Mobile	41	34	24	20
	<b>41</b>	<b>34</b>	<b>24</b>	<b>20</b>
<b>Kazakhstan</b>				
Mobile	133	297	94	168
	<b>133</b>	<b>297</b>	<b>94</b>	<b>168</b>
<b>Croatia</b>				
Mobile	48	32	37	25
	<b>48</b>	<b>32</b>	<b>37</b>	<b>25</b>
<b>Other</b>				
Mobile	14	10	7	7
Other operations	235	117	135	54
	<b>249</b>	<b>127</b>	<b>142</b>	<b>61</b>
<b>TOTAL</b>				
<b>Mobile</b>	<b>605</b>	<b>640</b>	<b>374</b>	<b>382</b>
<b>Fixed broadband</b>	<b>72</b>	<b>74</b>	<b>29</b>	<b>42</b>
<b>Fixed telephony</b>	<b>8</b>	<b>4</b>	<b>5</b>	<b>3</b>
<b>Other operations</b>	<b>295</b>	<b>175</b>	<b>160</b>	<b>86</b>
<b>TOTAL</b>	<b>980</b>	<b>893</b>	<b>568</b>	<b>513</b>

# Non-IFRS measures

This report contains certain financial measures that are not defined by IFRS, but are used by Tele2 to assess the financial performance of the business. These measures are included in the report as they are considered important supplementary measures of operating performance and liquidity. They should not be considered a substitute to Tele2's financial statements prepared in accordance with IFRS. Tele2's definitions of these measures are described below, but other companies may calculate non-IFRS measures differently and these measures are therefore not always comparable to similar measures used by other companies.

## Adjusted EBITDA and adjusted EBITDA margin

Tele2 considers adjusted EBITDA and adjusted EBITDA margin to be relevant measures to present in order to illustrate the profitability of the underlying business, and as these are used by management to assess the performance of the business.

*Adjusted EBITDA: Operating profit/loss from continuing operations before depreciation/amortization and impairment, results from shares in joint ventures and associated companies and items affecting comparability.*

*Adjusted EBITDA margin: Adjusted EBITDA in relation to revenue.*

## Adjusted EBITDA and adjusted EBITDA margin

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
Operating profit	2,044	1,731	1,040	895
Depreciation/amortization and impairment	1,226	1,256	619	621
Results from shares in joint ventures and associated companies	-14	-1	-	-1
Items affecting comparability	199	171	130	66
whereof acquisition costs	160	1	111	1
whereof integration costs	39	111	19	30
whereof Challenger Program costs	-	59	-	35
<b>Adjusted EBITDA</b>	<b>3,455</b>	<b>3,157</b>	<b>1,789</b>	<b>1,581</b>
Revenue	12,751	12,117	6,491	6,152
<b>Adjusted EBITDA margin (percent)</b>	<b>27%</b>	<b>26%</b>	<b>28%</b>	<b>26%</b>

## CAPEX paid and CAPEX

Tele2 considers CAPEX paid relevant to present as it provides an indication of how much the company invests organically on intangible and tangible assets to maintain and expand its business.

Tele2 believes that it is relevant to present CAPEX to provide a view on how much Tele2 invests organically on intangible and tangible assets to maintain and grow its business which is not dependent on the timing of cash payments.

*CAPEX paid: Cash paid for the additions to intangible and tangible assets net of cash proceeds from sales of intangible and tangible assets.*

*CAPEX: Additions to intangible and tangible assets that are capitalized on the balance sheet.*

## CAPEX paid and CAPEX, total operations

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
Additions to intangible and tangible assets	-1,534	-1,709	-685	-854
Sale of intangible and tangible assets	19	9	10	-
<b>CAPEX paid</b>	<b>-1,515</b>	<b>-1,700</b>	<b>-675</b>	<b>-854</b>
This period's unpaid CAPEX and paid CAPEX from previous periods	167	316	-83	84
Received payment of sold intangible and tangible assets	-19	-9	-10	-
<b>CAPEX</b>	<b>-1,367</b>	<b>-1,393</b>	<b>-768</b>	<b>-770</b>

## CAPEX paid and CAPEX, continuing operations

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
Additions to intangible and tangible assets	-954	-1,168	-495	-588
Sale of intangible and tangible assets	19	9	10	-
<b>CAPEX paid</b>	<b>-935</b>	<b>-1,159</b>	<b>-485</b>	<b>-588</b>
This period's unpaid CAPEX and paid CAPEX from previous periods	-26	275	-73	75
Received payment of sold intangible and tangible assets	-19	-9	-10	-
<b>CAPEX</b>	<b>-980</b>	<b>-893</b>	<b>-568</b>	<b>-513</b>



## Free cash flow

Tele2 considers free cash flow to be relevant to present as it provides a view of funds generated from operating activities which also includes investments in intangible and tangible assets. Management believes that free cash flow is meaningful to investors because it is the measure of the Group's funds available for acquisition related payments, dividends to shareholders, share repurchases and debt repayment.

*Free cash flow: Cash flow from operating activities less CAPEX paid.*

### Free cash flow, total operations

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
Cash flow from operating activities	2,094	2,698	1,186	1,674
CAPEX paid	-1,515	-1,700	-675	-854
<b>Free cash flow</b>	<b>579</b>	<b>998</b>	<b>511</b>	<b>820</b>

### Free cash flow, continuing operations

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
Cash flow from operating activities	1,982	2,535	1,159	1,560
CAPEX paid	-935	-1,159	-485	-588
<b>Free cash flow</b>	<b>1,047</b>	<b>1,376</b>	<b>674</b>	<b>972</b>

## Like-for-like

Tele2 believes that like-for-like growth rates are relevant to present as they exclude effects from currency movements as well as divestments and acquisitions, and are therefore providing an indication of the underlying performance.

*Like-for-like growth rates: Calculated at constant currency, meaning that comparative figures have been recalculated using the currency rates for the current period, and excluding effects of divestments and acquisitions.*

## Net debt and economic net debt

Tele2 believes that net debt is relevant to present as it is useful to illustrate the indebtedness, financial flexibility, and capital structure. Furthermore, economic net debt is considered relevant as it excludes liabilities to Kazakhtelecom, loan guaranteed by Kazakhtelecom and the liability for the earn-out obligation in Kazakhstan, and thereby taking into account the specific contractual arrangements in the Kazakh business.

*Net debt: Interest-bearing non-current and current liabilities excluding equipment financing, provisions, cash and cash equivalents, current investments, restricted cash and derivatives.*

*Economic net debt: Net debt excluding liabilities to Kazakhtelecom, loan guaranteed by Kazakhtelecom and liability for earn-out obligation in Kazakhstan.*

### Net debt and economic net debt

SEK million	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Interest-bearing non-current liabilities	11,044	11,572	11,565	8,954	5,613
Interest-bearing current liabilities	2,607	2,639	820	3,388	5,372
Excluding equipment financing	–	-34	-8	-70	–
Excluding provisions	-1,126	-1,393	-1,080	-1,310	-920
Cash & cash equivalents, current investments and restricted funds	-320	-322	-806	-279	-139
Derivatives	–	-17	-17	-55	-48
Net debt for assets classified as held for sale	–	–	–	–	–
<b>Net debt</b>	<b>12,205</b>	<b>12,445</b>	<b>10,474</b>	<b>10,628</b>	<b>9,878</b>
Excluding:					
- liabilities to Kazakhtelecom	-31	-25	-26	-24	–
- loan guaranteed by Kazakhtelecom	-259	-176	-246	-67	–
- liability for earn-out obligation Kazakhstan	-558	-221	-432	-100	–
<b>Economic net debt</b>	<b>11,357</b>	<b>12,023</b>	<b>9,770</b>	<b>10,437</b>	<b>9,878</b>

## Operating cash flow

Tele2 considers operating cash flow a relevant measure to present as it gives an indication of the profitability of the underlying business while also taking into account the investments needed to maintain and grow the business.

*Operating cash flow: Adjusted EBITDA less CAPEX.*

### Operating cash flow, continuing operations

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30
Adjusted EBITDA	3,455	3,157	1,789	1,581
CAPEX	-980	-893	-568	-513
<b>Operating cash flow</b>	<b>2,475</b>	<b>2,264</b>	<b>1,221</b>	<b>1,068</b>

# Parent company

## Income statement

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30 (Restated)
Revenue	26	30
Administrative expenses	–62	–61
Other operating expenses	–185	–
<b>Operating loss</b>	<b>–221</b>	<b>–31</b>
Dividend from group company	–	7,000
Exchange rate difference on financial items	–92	–18
Net interest expenses and other financial items	–148	–150
<b>Profit/loss after financial items</b>	<b>–461</b>	<b>6,801</b>
Appropriations, group contribution	–	–
Tax on profit/loss	104	44
<b>NET PROFIT/LOSS</b>	<b>–357</b>	<b>6,845</b>

## Balance sheet

SEK million	Note	Jun 30, 2018	Dec 31, 2017 (Restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Financial assets		13,604	13,608
<b>NON-CURRENT ASSETS</b>		<b>13,604</b>	<b>13,608</b>
<b>CURRENT ASSETS</b>			
Current receivables		11,743	13,065
<b>CURRENT ASSETS</b>		<b>11,743</b>	<b>13,065</b>
<b>ASSETS</b>		<b>25,347</b>	<b>26,673</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Restricted equity	8	5,619	5,619
Unrestricted equity	8	8,138	10,470
<b>EQUITY</b>		<b>13,757</b>	<b>16,089</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	5	9,709	9,830
<b>NON-CURRENT LIABILITIES</b>		<b>9,709</b>	<b>9,830</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	5	1,640	656
Non-interest-bearing liabilities		241	98
<b>CURRENT LIABILITIES</b>		<b>1,881</b>	<b>754</b>
<b>EQUITY AND LIABILITIES</b>		<b>25,347</b>	<b>26,673</b>

# 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 insufficient spectrum availability, changes in regulatory legislation, market dynamics, failure to deliver on strategic transformation initiatives, operations in Kazakhstan, failure of network IT and infrastructure, data protection and cyber security, instability in partnerships and Joint Ventures, unstable geopolitical conditions, and financial risks such as currency risk, interest risk, liquidity risk, credit risk, risks related to tax matters and impairment of assets. Additionally, there is a risk that Tele2 may not be able to obtain sufficient funding for its operations. Please refer to Tele2's annual report for 2017 (Administration report and Note 2) for a detailed description of Tele2's risk exposure and risk management.

On April 25, 2017, the European Commission initiated an investigation on the premises of Tele2 in Kista about possible anti-competitive cooperation between operators in the mobile market and/or possible abuse of collective dominant position. Similar investigations were simultaneously initiated towards other Swedish mobile network operators.

## European Commission initiated Phase II investigation into Dutch merger between Tele2 and T-Mobile

On June 12, 2018, the European Commission (EC) announced its decision to initiate a Phase II investigation into the merger of Tele2 Netherlands and T-Mobile Netherlands. The EC is expected to reach a final decision on the compatibility of the transaction with EU merger rules in Q4 2018.

## Other

Tele2 will release its financial and operating results for the period ending September 30, 2018 on October 18, 2018.

The Board of Directors and CEO declare that the interim report provides a fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, July 18, 2018  
Tele2 AB

Georgi Ganev  
*Chairman*

Sofia Arhall Bergendorff

Anders Björkman

Cynthia Gordon

Eamonn O'Hare

Carla Smits-Nusteling

Allison Kirkby  
*President and CEO*

# Auditors' review report

## **Introduction**

We have reviewed the interim report for Tele2 AB (publ) for the period January 1 – June 30, 2018. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus

and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## **Conclusion**

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

Stockholm, July 18, 2018

Deloitte AB

Pontus Pålsson

*Authorized Public Accountant*

## Q2 2018 PRESENTATION

Tele2 will host a presentation, with the possibility to join through a conference call, for the global financial community at 10:00 am CEST (09:00 am BST/04:00 am EDT) on Wednesday, July 18, 2018. The presentation will be held in English and also made available as a webcast on Tele2's website: [www.tele2.com](http://www.tele2.com).

### Dial-in information

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

### Dial-in numbers

SE: +46 (0) 8 5065 3942  
UK: +44 (0) 330 336 9411  
US: +1 929 477 0324

## CONTACTS

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

## APPENDICES

Condensed consolidated income statement  
Condensed consolidated comprehensive income  
Condensed consolidated balance sheet  
Condensed consolidated cash flow statement  
Condensed consolidated statement of changes in equity  
Notes

**TELE2'S MISSION IS TO FEARLESSLY LIBERATE PEOPLE TO LIVE A MORE CONNECTED LIFE.** We believe the connected life is a better life, and so our aim is to make connectivity increasingly accessible to our customers, no matter where or when they need it. 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 offers mobile services, fixed broadband and telephony, data network services, content services and global IoT solutions. Every day our 17 million customers across eight countries enjoy a fast and wireless experience through our award winning networks. Tele2 has been listed on Nasdaq Stockholm since 1996. In 2017, Tele2 generated revenue of SEK 25 billion and reported an adjusted EBITDA of SEK 6.4 billion. For definitions of measures, please see the last pages of the Annual Report 2017. Follow @Tele2group on Twitter for the latest updates.

# Condensed consolidated income statement

SEK million	Note	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30 (Restated)	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30 (Restated)
<b>CONTINUING OPERATIONS</b>					
Revenue		12,751	12,117	6,491	6,152
Cost of services provided and equipment sold	3	-7,492	-7,191	-3,803	-3,606
<b>Gross profit</b>		<b>5,259</b>	<b>4,926</b>	<b>2,688</b>	<b>2,546</b>
Selling expenses	3	-2,016	-2,046	-1,016	-1,057
Administrative expenses	3	-1,086	-1,178	-548	-607
Result from shares in joint ventures and associated companies		14	1	-	1
Other operating income		106	51	48	21
Other operating expenses	3	-233	-23	-132	-9
<b>Operating profit</b>		<b>2,044</b>	<b>1,731</b>	<b>1,040</b>	<b>895</b>
Interest income		12	10	2	5
Interest expenses	5	-180	-169	-94	-84
Other financial items	4	-165	-125	-82	-94
<b>Profit after financial items</b>		<b>1,711</b>	<b>1,447</b>	<b>866</b>	<b>722</b>
Income tax	4	-416	-385	-196	-192
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>1,295</b>	<b>1,062</b>	<b>670</b>	<b>530</b>
<b>DISCONTINUED OPERATIONS</b>					
Net loss from discontinued operations	11	-503	-454	-227	-290
<b>NET PROFIT</b>		<b>792</b>	<b>608</b>	<b>443</b>	<b>240</b>
ATTRIBUTABLE TO					
Equity holders of the parent company		754	669	411	259
Non-controlling interests		38	-61	32	-19
<b>NET PROFIT</b>		<b>792</b>	<b>608</b>	<b>443</b>	<b>240</b>
Earnings per share (SEK)	8	1.50	1.34	0.82	0.53
Earnings per share, after dilution (SEK)	8	1.49	1.33	0.81	0.53
<b>FROM CONTINUING OPERATIONS</b>					
ATTRIBUTABLE TO					
Equity holders of the parent company		1,257	1,123	638	549
Non-controlling interests		38	-61	32	-19
<b>NET PROFIT</b>		<b>1,295</b>	<b>1,062</b>	<b>670</b>	<b>530</b>
Earnings per share (SEK)	8	2.50	2.24	1.27	1.10
Earnings per share, after dilution (SEK)	8	2.49	2.23	1.26	1.10



# Condensed consolidated comprehensive income

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30 (Restated)	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30 (Restated)
<b>NET PROFIT</b>	<b>792</b>	<b>608</b>	<b>443</b>	<b>240</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
COMPONENTS NOT TO BE RECLASSIFIED TO NET PROFIT				
Pensions, actuarial gains/losses	-8	-	-8	-
Pensions, actuarial gains/losses, tax effect	2	-	2	-
<b>Components not to be reclassified to net profit</b>	<b>-6</b>	<b>-</b>	<b>-6</b>	<b>-</b>
COMPONENTS THAT MAY BE RECLASSIFIED TO NET PROFIT				
<b>Exchange rate differences</b>				
Translation differences in foreign operations	1,084	136	241	59
Tax effect on above	-137	4	-24	34
<i>Translation differences</i>	<i>947</i>	<i>140</i>	<i>217</i>	<i>93</i>
Hedge of net investments in foreign operations	-197	-37	-44	-44
Tax effect on above	43	8	9	10
<i>Hedge of net investments</i>	<i>-154</i>	<i>-29</i>	<i>-35</i>	<i>-34</i>
<b>Exchange rate differences</b>	<b>793</b>	<b>111</b>	<b>182</b>	<b>59</b>
<b>Cash flow hedges</b>				
Profit/loss arising on changes in fair value of hedging instruments	-17	13	-17	6
Reclassified cumulative loss to income statement	53	36	35	18
Tax effect on cash flow hedges	-10	-11	-6	-6
<b>Cash flow hedges</b>	<b>26</b>	<b>38</b>	<b>12</b>	<b>18</b>
<b>Components that may be reclassified to net profit</b>	<b>819</b>	<b>149</b>	<b>194</b>	<b>77</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>813</b>	<b>149</b>	<b>188</b>	<b>77</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,605</b>	<b>757</b>	<b>631</b>	<b>317</b>
ATTRIBUTABLE TO				
Equity holders of the parent company	1,571	806	594	306
Non-controlling interests	34	-49	37	11
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,605</b>	<b>757</b>	<b>631</b>	<b>317</b>

# Condensed consolidated balance sheet

SEK million	Note	Jun 30, 2018	Dec 31, 2017 (Restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill		5,683	5,517
Other intangible assets		4,075	4,044
<b>Intangible assets</b>		<b>9,758</b>	<b>9,561</b>
Tangible assets		8,698	8,692
Financial assets	5	939	794
Capitalized contract costs		327	380
Deferred tax assets	4	1,864	1,911
<b>NON-CURRENT ASSETS</b>		<b>21,586</b>	<b>21,338</b>
<b>CURRENT ASSETS</b>			
Inventories		797	689
Current receivables		6,766	6,726
Current investments		70	3
Cash and cash equivalents	6	248	802
<b>CURRENT ASSETS</b>		<b>7,881</b>	<b>8,220</b>
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	11	10,530	10,166
<b>ASSETS</b>		<b>39,997</b>	<b>39,724</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Attributable to equity holders of the parent company		16,782	17,246
Non-controlling interests		-80	-114
<b>EQUITY</b>	8	<b>16,702</b>	<b>17,132</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	5	11,044	11,565
Non-interest-bearing liabilities		988	998
<b>NON-CURRENT LIABILITIES</b>		<b>12,032</b>	<b>12,563</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	5	2,607	820
Non-interest-bearing liabilities		6,536	7,074
<b>CURRENT LIABILITIES</b>		<b>9,143</b>	<b>7,894</b>
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b>	11	2,120	2,135
<b>EQUITY AND LIABILITIES</b>		<b>39,997</b>	<b>39,724</b>

# Condensed consolidated cash flow statement

(Total operations)

SEK million	Note	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30 (Restated)
<b>OPERATING ACTIVITIES</b>			
Net profit		792	608
Adjustments for non-cash items in net profit		1,884	2,153
Changes in working capital		-582	-63
<b>Cash flow from operating activities</b>		<b>2,094</b>	<b>2,698</b>
<b>INVESTING ACTIVITIES</b>			
Additions to intangible and tangible assets		-1,515	-1,700
Acquisition and sale of shares and participations	9	-3	-8
Other financial assets, lending		-66	-
Other financial assets, received payments		-	20
<b>Cash flow from investing activities</b>		<b>-1,584</b>	<b>-1,688</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans	5	1,459	4,520
Repayments of loans	5	-542	-2,844
Dividends paid	8	-2,013	-2,629
<b>Cash flow from financing activities</b>		<b>-1,096</b>	<b>-953</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-586</b>	<b>57</b>
Cash and cash equivalents at beginning of period		802	257
Exchange rate differences in cash and cash equivalents		32	4
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	6	<b>248</b>	<b>318</b>

# Condensed consolidated statements of changes in equity

		Jun 30, 2018							
		Attributable to equity holders of the parent company							
SEK million	Note	Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at January 1</b>		<b>634</b>	<b>7,841</b>	<b>-715</b>	<b>2,506</b>	<b>6,747</b>	<b>17,013</b>	<b>-99</b>	<b>16,914</b>
Restatement	10	-	-	64	147	-264	-53	-15	-68
Change in accounting principles, IFRS 15	10	-	-	-	17	269	286	-	286
<b>Equity at January 1 (post restatement and adoption of IFRS 15)</b>		<b>634</b>	<b>7,841</b>	<b>-651</b>	<b>2,670</b>	<b>6,752</b>	<b>17,246</b>	<b>-114</b>	<b>17,132</b>
Change in accounting principles, IFRS 9		-	-	-	-	-42	-42	-	-42
<b>Equity at January 1 (post restatement and adoption of IFRS 15 and IFRS 9)</b>		<b>634</b>	<b>7,841</b>	<b>-651</b>	<b>2,670</b>	<b>6,710</b>	<b>17,204</b>	<b>-114</b>	<b>17,090</b>
Net profit/loss		-	-	-	-	754	754	38	792
Other comprehensive income for the period, net of tax		-	-	-128	951	-6	817	-4	813
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-128</b>	<b>951</b>	<b>748</b>	<b>1,571</b>	<b>34</b>	<b>1,605</b>
OTHER CHANGES IN EQUITY									
Share-based payments	8	-	-	-	-	12	12	-	12
Share-based payments, tax effect	8	-	-	-	-	8	8	-	8
Dividends	8	-	-	-	-	-2,013	-2,013	-	-2,013
<b>EQUITY AT END OF THE PERIOD</b>		<b>634</b>	<b>7,841</b>	<b>-779</b>	<b>3,621</b>	<b>5,465</b>	<b>16,782</b>	<b>-80</b>	<b>16,702</b>

		Jun 30, 2017							
		Attributable to equity holders of the parent company							
SEK million	Note	Share capital (Restated)	Other paid-in capital (Restated)	Hedge reserve (Restated)	Translation reserve (Restated)	Retained earnings (Restated)	Total (Restated)	Non-controlling interests (Restated)	Total equity (Restated)
<b>Equity at January 1</b>		<b>634</b>	<b>7,836</b>	<b>-680</b>	<b>1,743</b>	<b>8,941</b>	<b>18,474</b>	<b>-278</b>	<b>18,196</b>
Restatement	10	-	-	38	10	-60	-12	-22	-34
Change in accounting principles, IFRS 15	10	-	-	-	13	298	311	-	311
<b>Equity at January 1 (post restatement and adoption of IFRS 15)</b>		<b>634</b>	<b>7,836</b>	<b>-642</b>	<b>1,766</b>	<b>9,179</b>	<b>18,773</b>	<b>-300</b>	<b>18,473</b>
Net profit/loss for the period		-	-	-	-	669	669	-61	608
Other comprehensive income for the period, net of tax		-	-	9	128	-	137	12	149
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>9</b>	<b>128</b>	<b>669</b>	<b>806</b>	<b>-49</b>	<b>757</b>
OTHER CHANGES IN EQUITY									
Share-based payments	8	-	-	-	-	10	10	-	10
Share-based payments, tax effect	8	-	-	-	-	3	3	-	3
Proceed from issuance of shares	8	-	7	-	-	-	7	-	7
Taxes on new share issue costs	8	-	-2	-	-	-	-2	-	-2
Dividends	8	-	-	-	-	-2,629	-2,629	-	-2,629
<b>EQUITY AT END OF THE PERIOD</b>		<b>634</b>	<b>7,841</b>	<b>-633</b>	<b>1,894</b>	<b>7,232</b>	<b>16,968</b>	<b>-349</b>	<b>16,619</b>

# Notes

## NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report for the Group has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 *Reporting for legal entities* and other statements issued by the Swedish Financial Reporting Board.

The Consolidated Financial Statements previously issued and prepared in accordance with the International Financial Reporting Standards and interpretations of the IFRS Interpretations Committee as endorsed by the EU as of and for the years ended December 31, 2015, 2016, and 2017 have been restated with respect to certain items within the consolidated income statement, consolidated balance sheet, and consolidated statements of cash flow. The nature and impact of each restatement affecting the periods presented in this report is described in Note 10.

On January 1, 2018 Tele2 changed the accounting principles for revenues from contracts with customers, by applying IFRS 15, with full retrospective application. Description of the changes, as a result of applying IFRS 15, and the effects on the six month period and three month period ended June 30, 2017 are stated in Note 10.

On January 1, 2018 Tele2 changed the accounting principles for financial instruments, by applying IFRS 9. The accounting policies related to Financial Assets and Liabilities remain consistent with those described in Note 1 of the 2017 Annual Report except for accounts receivables and other receivables, which have been updated as follows in accordance with the adoption of IFRS 9:

- Tele2's accounts receivables and other receivables are categorized as "Assets at amortized cost" initially reported at fair value and subsequently at amortized cost. An allowance for expected credit losses is calculated no matter if a loss event has occurred or not. Tele2 applies the simplified approach to recognize expected credit losses for trade receivables and contract assets that result from transactions within the scope of IFRS 15 (Revenues from contracts with customers) and for finance lease receivables. The simplified approach is always based on lifetime expected credit losses considering information about historical data adjusted for current conditions and forecasts of future events and economic conditions. Any impairment loss is reported as an operating expense.

Tele2 has chosen to apply the reliefs in the standard and not restate prior periods. Description of changes as a result of applying IFRS 9 and the effects on the opening balance January 1, 2018 are consistent with those found in Note 35 of the 2017 Annual report.

The other amendments to IFRSs applicable from January 1, 2018 had no significant effects to Tele2's financial reports for Q2 2018.

In all other respects, Tele2 has presented this interim report in accordance with the accounting policies and principles applied in the 2017 Annual Report. The description of these principles and definitions is found in Note 1 and Note 35 in the Annual Report 2017.

Figures presented in this interim report refer to April 1 – June 30 (Q2), 2018 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2017.

## NOTE 2 REVENUE Revenue

SEK million	2018 Jan 1–Jun 30	2017 Jan 1–Jun 30 (Restated)	2018 Apr 1–Jun 30	2017 Apr 1–Jun 30 (Restated)
<b>Sweden</b>				
Mobile	6,113	5,914	3,065	2,944
Fixed broadband	549	641	264	314
Fixed telephony	157	196	77	97
Other operations	1,023	998	514	509
	<b>7,842</b>	<b>7,749</b>	<b>3,920</b>	<b>3,864</b>
<b>Lithuania</b>				
Mobile	1,136	918	604	479
	<b>1,136</b>	<b>918</b>	<b>604</b>	<b>479</b>
<b>Latvia</b>				
Mobile	621	536	325	279
	<b>621</b>	<b>536</b>	<b>325</b>	<b>279</b>
<b>Estonia</b>				
Mobile	353	337	179	182
Fixed broadband	8	–	5	–
Fixed telephony	1	2	–	1
Other operations	23	21	12	11
	<b>385</b>	<b>360</b>	<b>196</b>	<b>194</b>
<b>Kazakhstan</b>				
Mobile	1,471	1,359	784	711
	<b>1,471</b>	<b>1,359</b>	<b>784</b>	<b>711</b>
<b>Croatia</b>				
Mobile	883	769	450	410
	<b>883</b>	<b>769</b>	<b>450</b>	<b>410</b>
<b>Germany</b>				
Mobile	158	172	80	85
Fixed broadband	44	53	22	26
Fixed telephony	75	89	36	43
	<b>277</b>	<b>314</b>	<b>138</b>	<b>154</b>
<b>Other</b>				
Mobile	94	72	51	40
Other operations	73	62	41	32
	<b>167</b>	<b>134</b>	<b>92</b>	<b>72</b>
<b>TOTAL</b>				
Mobile	<b>10,829</b>	<b>10,077</b>	<b>5,538</b>	<b>5,130</b>
Fixed broadband	<b>601</b>	<b>694</b>	<b>291</b>	<b>340</b>
Fixed telephony	<b>233</b>	<b>287</b>	<b>113</b>	<b>141</b>
Other operations	<b>1,119</b>	<b>1,081</b>	<b>567</b>	<b>552</b>
	<b>12,782</b>	<b>12,139</b>	<b>6,509</b>	<b>6,163</b>
Internal sales, elimination	–31	–22	–18	–11
<b>TOTAL</b>	<b>12,751</b>	<b>12,117</b>	<b>6,491</b>	<b>6,152</b>

## Mobile revenue split

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30 (Restated)	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30 (Restated)
<b>Sweden, mobile</b>				
End-user service revenue	3,836	3,883	1,925	1,936
Operator revenue	407	419	217	216
Equipment revenue	1,573	1,309	775	642
Other revenue	295	302	147	149
Internal sales	2	1	1	1
	<b>6,113</b>	<b>5,914</b>	<b>3,065</b>	<b>2,944</b>
<b>Lithuania, mobile</b>				
End-user service revenue	637	541	335	282
Operator revenue	118	107	63	55
Equipment revenue	368	261	198	138
Internal sales	13	9	8	4
	<b>1,136</b>	<b>918</b>	<b>604</b>	<b>479</b>
<b>Latvia, mobile</b>				
End-user service revenue	373	317	194	167
Operator revenue	98	102	51	53
Equipment revenue	141	110	75	56
Internal sales	9	7	5	3
	<b>621</b>	<b>536</b>	<b>325</b>	<b>279</b>
<b>Estonia, mobile</b>				
End-user service revenue	214	220	110	112
Operator revenue	43	38	24	20
Equipment revenue	93	77	43	49
Internal sales	3	2	2	1
	<b>353</b>	<b>337</b>	<b>179</b>	<b>182</b>
<b>Kazakhstan, mobile</b>				
End-user service revenue	1,147	1,039	613	545
Operator revenue	313	308	167	160
Equipment revenue	11	12	4	6
	<b>1,471</b>	<b>1,359</b>	<b>784</b>	<b>711</b>
<b>Croatia, mobile</b>				
End-user service revenue	532	430	272	224
Operator revenue	104	106	60	60
Equipment revenue	243	230	116	124
Internal sales	4	3	2	2
	<b>883</b>	<b>769</b>	<b>450</b>	<b>410</b>
<b>Germany, mobile</b>				
End-user service revenue	158	172	80	85
	<b>158</b>	<b>172</b>	<b>80</b>	<b>85</b>
<b>Other, mobile</b>				
End-user service revenue	94	72	51	40
	<b>94</b>	<b>72</b>	<b>51</b>	<b>40</b>
<b>TOTAL, MOBILE</b>				
End-user service revenue	<b>6,991</b>	<b>6,674</b>	<b>3,580</b>	<b>3,391</b>
Operator revenue	<b>1,083</b>	<b>1,080</b>	<b>582</b>	<b>564</b>
Equipment revenue	<b>2,429</b>	<b>1,999</b>	<b>1,211</b>	<b>1,015</b>
Other revenue	<b>295</b>	<b>302</b>	<b>147</b>	<b>149</b>
Internal sales	<b>31</b>	<b>22</b>	<b>18</b>	<b>11</b>
<b>TOTAL, MOBILE</b>	<b>10,829</b>	<b>10,077</b>	<b>5,538</b>	<b>5,130</b>

## Internal sales

Internal sales within the Tele2 Group are stated below:

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30
Sweden, mobile	2	1	1	1
Lithuania, mobile	13	9	8	4
Latvia, mobile	9	7	5	3
Estonia, mobile	3	2	2	1
Croatia, mobile	4	3	2	2
<b>Total internal sales</b>	<b>31</b>	<b>22</b>	<b>18</b>	<b>11</b>

## NOTE 3 SEGMENT REPORTING Adjusted EBITDA

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30 (Restated)	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30 (Restated)
Sweden	2,108	2,185	1,042	1,043
Lithuania	382	318	205	171
Latvia	223	183	120	95
Estonia	75	88	40	44
Kazakhstan	466	279	264	158
Croatia	121	63	69	39
Germany	126	123	66	61
Other	-46	-82	-17	-30
<b>Total adjusted EBITDA</b>	<b>3,455</b>	<b>3,157</b>	<b>1,789</b>	<b>1,581</b>

## Reconciling items to reported operating profit/loss

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30 (Restated)	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30 (Restated)
<b>Adjusted EBITDA</b>	<b>3,455</b>	<b>3,157</b>	<b>1,789</b>	<b>1,581</b>
Acquisition costs	-160	-1	-111	-1
Integration costs	-39	-111	-19	-30
Challenger program	-	-59	-	-35
<b>Total items affecting comparability</b>	<b>-199</b>	<b>-171</b>	<b>-130</b>	<b>-66</b>
Depreciation/amortization and impairment	-1,226	-1,256	-619	-621
Result from shares in joint ventures and associated companies	14	1	-	1
<b>Operating profit/loss</b>	<b>2,044</b>	<b>1,731</b>	<b>1,040</b>	<b>895</b>

## Acquisition costs

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30
Com Hem, Sweden	-160	-	-111	-
TDC, Sweden	-	-1	-	-1
<b>Total acquisition costs</b>	<b>-160</b>	<b>-1</b>	<b>-111</b>	<b>-1</b>
<i>of which:</i>				
-other operating expenses	-160	-1	-111	-1

## Integration costs

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30
TDC, Sweden	-34	-96	-14	-22
Com Hem, Sweden	-5	-	-5	-
Altel, Kazakhstan	-	-15	-	-8
<b>Total integration costs</b>	<b>-39</b>	<b>-111</b>	<b>-19</b>	<b>-30</b>
<i>of which:</i>				
-cost of services provided	-9	-39	-8	-9
-selling expenses	-14	-23	-14	-
-administrative expenses	-16	-49	3	-21
<i>of which:</i>				
-redundancy costs	-5	-57	-5	-
-other employee and consultancy costs	-22	-29	-13	-19
-exit of contracts and other costs	-12	-25	-1	-11

## Challenger program: restructuring costs

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30
Costs of services provided	-	-4	-	-2
Selling expenses	-	-1	-	-
Administrative expenses	-	-54	-	-33
<b>Total Challenger program costs</b>	<b>-</b>	<b>-59</b>	<b>-</b>	<b>-35</b>
<i>of which:</i>				
-redundancy costs	-	-31	-	-25
-other employee and consultancy costs	-	-27	-	-10
-exit of contracts and other costs	-	-1	-	-

The Challenger program ended on December 31, 2017. For additional information, please refer to the in Note 6 of the 2017 Annual Report.

## NOTE 4 OTHER FINANCIAL ITEMS AND TAXES

### Other financial items

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

SEK million	2018		2017	
	Jan 1-Jun 30	Jan 1-Jun 30	Apr 1-Jun 30	Apr 1-Jun 30
Change in fair value, earn out Kazakhstan	-126	-121	-54	-83
Exchange rate differences	-18	4	-24	-6
EUR net investment hedge, interest component	-1	-1	-1	-
Other financial expenses	-20	-7	-3	-5
<b>Total other financial items</b>	<b>-165</b>	<b>-125</b>	<b>-82</b>	<b>-94</b>

The previous put option obligation in Kazakhstan was in 2016 replaced with an earn-out obligation representing 18 percent economic interest in the jointly owned company in Kazakhstan. To cover for the estimated earn-out obligation, that is based on fair value, the earn-out obligation was on June 30, 2018 valued at SEK 558 (December 31, 2017: 432) million and reported as a financial liability with fair value changes reported as financial items in the income statement. The change in fair value on June 30, 2018 is related to a continuation of the positive trend in the Kazakhstan operation. The fair value estimate is sensitive to changes in key assumptions supporting the expected future cash flows for the jointly owned company in Kazakhstan. A deviation from the current assumptions regarding the fair value would impact the earn-out liability.

### Taxes

On June 13, 2018 new tax rules and tax rates were enacted in Sweden. The new rules includes a general limitation on interest deduction and a decrease of the corporate income tax rate from 22 to 20.6 percent. The decrease of the tax rate will take place in two steps and the new tax rules will be effective from January 1, 2019. For the years 2019 and 2020 the tax rate is 21.4 percent and for 2021 and onwards the tax rate is 20.6 percent. Tele2 has estimated a positive one time effect due the changed tax rules of SEK 20 million which was recognized in Q2 2018.

## NOTE 5 FINANCIAL ASSETS AND LIABILITIES

### Financing

SEK million	Interest-bearing liabilities			
	Jun 30, 2018		Dec 31, 2017 (Restated)	
	Current	Non-current	Current	Non-current
Bonds SEK, Sweden	1,500	7,037	-	8,534
Commercial papers, Sweden	-	-	500	-
Financial institutions	277	2,844	39	1,473
	<b>1,777</b>	<b>9,881</b>	<b>539</b>	<b>10,007</b>
Provisions	115	1,011	97	983
Other liabilities	715	152	184	575
<b>Total interest-bearing liabilities</b>	<b>2,607</b>	<b>11,044</b>	<b>820</b>	<b>11,565</b>

On January 10, 2018 Tele2 announced the merger plan with Com Hem, Sweden. Tele2 has obtained committed financing for the merger in the form of a bridge facility from a group of three banks with conditions to drawdown that are usual and customary for this type of facility. Please refer to Note 9.

As of the date of this report, Tele2 had a credit facility with a syndicate of banks. The facility has a tenor of five years with two one-year extension options. In Q1 2017, the facility was extended

with one year to 2022 and in Q1 2018 with additionally one year to 2023. The facility amounts to EUR 760 million and was unutilized on June 30, 2018. In 2016, Tele2 entered into a six-year loan agreement with European Investment Bank (EIB) amounting to EUR 125 million. On April 6, 2018, the EIB facility was utilized by EUR 125 million.

At the time of the acquisition of Tele2 Kazakhstan the company had an existing interest free liability to the former owner Kazakhtelecom. On June 30, 2018 the reported debt amounted to SEK 31 (December 31, 2017: 26) million and the nominal value to SEK 307 (December 31, 2017: 289) million.

### Transfer of right of payment of receivables

In Q1 2016 and onwards, Tele2 Sweden started to transfer the right for payment of certain operating receivables to financial institutions. The receiving payment obtained from financial institutions, in relation to the transfer of right of payment of receivables for sold handsets and other equipment, has been netted against the receivables in the balance sheet and resulted in a positive effect on cash flow. The right of payment transferred to third parties without recourse or remaining credit exposure for Tele2 corresponded to SEK 386 (274) million in Q2 2018 and SEK 688 (691) million for 6 months period ended on June 30, 2018.

### Classification and fair values

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers as well as cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds and accounts payables. Classification of financial assets and liabilities including their fair value is presented below. During 2018, no transfers were made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions except for the adoption from January 1, 2018, of an expected credit loss model for financial assets triggered by IFRS 9.

SEK million	Jun 30, 2018					
	Assets and liabilities at fair value through profit/loss				Total reported value	
	Derivative instruments designated for hedge accounting	Other instruments (level 3)	Assets at amortized cost	Financial liabilities at amortized cost	value	Fair value
Other financial assets	-	1	804	-	805	805
Accounts receivables	-	-	2,157	-	2,157	2,157
Other current receivables	-	-	2,771	-	2,771	2,771
Current investments	-	-	70	-	70	70
Cash and cash equivalents	-	-	248	-	248	248
Assets classified as held for sale	-	-	2,267	-	2,267	2,267
<b>Total financial assets</b>	<b>-</b>	<b>1</b>	<b>8,317</b>	<b>-</b>	<b>8,318</b>	<b>8,318</b>
Liabilities to financial institutions and similar liabilities	-	-	-	11,658	11,658	11,729
Other interest-bearing liabilities	147	571	-	149	867	900
Accounts payable	-	-	-	1,454	1,454	1,454
Other current liabilities	-	-	-	1,327	1,327	1,327
Liabilities directly associated with assets classified as held for sale	-	-	-	768	768	768
<b>Total financial liabilities</b>	<b>147</b>	<b>571</b>	<b>-</b>	<b>15,356</b>	<b>16,074</b>	<b>16,178</b>



Dec 31, 2017 (Restated)						
SEK million	Assets and liabilities at fair value through profit/loss		Assets at amortized cost	Financial liabilities at amortized cost	Total reported value	Fair value
	Derivative instruments designated for hedge accounting	Other instruments (level 3)				
Other financial assets	-	1	658	-	659	659
Accounts receivables	-	-	2,224	-	2,224	2,224
Other current receivables	17	-	2,902	-	2,919	2,919
Current investments	-	-	3	-	3	3
Cash and cash equivalents	-	-	802	-	802	802
Assets classified as held for sale	-	-	2,243	-	2,243	2,243
<b>Total financial assets</b>	<b>17</b>	<b>1</b>	<b>8,832</b>	<b>-</b>	<b>8,850</b>	<b>8,850</b>
Liabilities to financial institutions and similar liabilities	-	-	-	10,546	10,546	10,629
Other interest-bearing liabilities	156	456	-	147	759	790
Accounts payable	-	-	-	1,937	1,937	1,937
Other current liabilities	-	-	-	1,405	1,405	1,405
Liabilities directly associated with assets classified as held for sale	-	-	-	967	967	967
<b>Total financial liabilities</b>	<b>156</b>	<b>456</b>	<b>-</b>	<b>15,002</b>	<b>15,614</b>	<b>15,728</b>

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

SEK million	Jun 30, 2018		Dec 31, 2017	
	Assets	Liabilities	Assets	Liabilities
<b>As of January 1</b>	<b>1</b>	<b>456</b>	<b>1</b>	<b>124</b>
Changes in fair value, earn-out Kazakhstan	-	126	-	332
Other contingent considerations:				
-paid	-	-12	-	-8
-other changes	-	1	-	8
<b>As of the end of the period</b>	<b>1</b>	<b>571</b>	<b>1</b>	<b>456</b>

In Q4 2017, a liability was reported for the long-term incentive program (IoTP) for Tele2 employees that have a direct impact on the value creation of Tele2's IoT business (internet-of-things). The estimated fair value amounted on June 30, 2018 to SEK 3 (December 31, 2017: 3) million. The program is built on transferable synthetic options. The fair value of the liability is determined with support from an independent valuation institute.

In 2016, a liability was reported for contingent deferred consideration to the former owners of Kombridge, Sweden. In Q1 2018, SEK 12 million of the consideration was settled. The estimated fair value of the deferred consideration amounted on June 30, 2018 to SEK 10 (December 31, 2017: 21) million. The fair value was calculated based on expected future cash flows at which a maximum turnout has been assumed.

Asianet, the former non-controlling shareholder of Tele2 Kazakhstan, has right to 18 percent of the economic interest in the jointly owned company with Kazakhtelecom in Kazakhstan. The estimated fair value of the deferred consideration amounted on June 30, 2018 to SEK 558 (December 31, 2017: 432) million respectively. The fair value was calculated based on expected future cash flows of the jointly owned company, please refer to Note 4.

## NOTE 6 RELATED PARTIES

Tele2's share of cash and cash equivalents in joint operations (Svenska UMTS-nät AB and Net4Mobility HB), for which Tele2 has limited disposal rights was included in the Group's cash and cash equivalents and amounted at each closing date to the sums stated below.

SEK million	2018 Jun 30	2017 Dec 31
Cash and cash equivalents in joint operations	16	67

Kazakhtelecom has 49 percent of the voting rights in the jointly owned company in Kazakhstan. Tele2 and Kazakhtelecom sell and purchase telecommunication services to and from each other. Business relations and pricing between the parties are based on commercial terms and conditions. Apart from transactions with joint operations and previously described transactions, no other significant related party transactions were carried out during 2018. Other related parties are presented in Note 37 of the 2017 Annual Report.

## NOTE 7 CONTINGENT LIABILITIES AND ASSETS

SEK million	Jun 30, 2018	Dec 31, 2017
Asset dismantling obligation	160	149
<b>Total contingent liabilities*</b>	<b>160</b>	<b>149</b>

\*including discontinued operations

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

## NOTE 8 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

### Number of shares

	Jun 30, 2018	Dec 31, 2017
Total number of shares	506,900,012	506,900,012
Number of treasury shares	-3,695,420	-4,144,459
<b>Number of outstanding shares</b>	<b>503,204,592</b>	<b>502,755,553</b>
Number of outstanding shares, weighted average	502,895,254	502,614,759
Number of shares after dilution	507,039,653	505,931,001
Number of shares after dilution, weighted average	506,057,689	505,637,139

As a result of share rights in the LTI 2015 being exercised during Q2 2018, Tele2 delivered 449,039 B-shares in treasury shares to the participants in the program.

Changes in shares during previous year are stated in Note 24 in the 2017 Annual Report.

### Outstanding share right programs

	Jun 30, 2018	Dec 31, 2017
LTI 2018	1,401,884	-
LTI 2017	1,369,719	1,373,574
LTI 2016	1,063,458	1,065,265
LTI 2015	-	736,609
<b>Total outstanding share rights</b>	<b>3,835,061</b>	<b>3,175,448</b>

All outstanding long-term incentive programs (LTI 2016, LTI 2017 and LTI 2018) are based on the same structure and additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 33 of the 2017 Annual Report. During the first six months 2018, the total cost before tax for the long-term incentive programs (LTI) amounted to SEK 27 (17) million.

### LTI 2018

At the Annual General Meeting held on May 21, 2018, the shareholders approved a retention and performance-based incentive program (LTI 2018) for senior executives and other key employees in the Tele2 Group. The program has the same structure as last year's incentive program (LTI 2017). The measurement period for retention and

performance-based conditions for LTI 2018 is from April 1, 2018 until March 31, 2021.

Total costs before tax for outstanding rights in the incentive program are expensed over the three-year vesting period. These costs, together with the additional expected allotment in connection with the Com Hem merger, are expected to amount to SEK 112 million, of which social security costs amount to SEK 35 million.

To ensure the delivery of Class B shares under the program, the Annual General Meeting decided to authorize the Board of Directors to resolve on a directed share issue of a maximum of 1,750,000 Class C shares and subsequently to repurchase the Class C shares. The Board of Directors has not yet used its mandate.

### LTI 2015

The exercise of the share rights in LTI 2015 was conditional upon the fulfilment of certain retention and performance-based conditions, measured from April 1, 2015 until March 31, 2018. The outcome of these performance conditions was in accordance with below and the outstanding share rights of 449,039 have been exchanged for shares in Tele2 and 7,344 share rights have been exchanged for cash during Q2 2018. The weighted average share price for share rights for the LTI 2015 at date of exercise amounted to SEK 113.41.

	Retention and performance-based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	36.7%	100%
Series B	Average normalized Return on Capital Employed (ROCE)	9%	12%	4.7%	0%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	34.2%	100%

### Dividend

In Q2 2018, Tele2 paid to its shareholders a dividend for 2017 of SEK 4.00 (5.23) per share. The dividend paid in 2018 corresponded to a total of SEK 2,013 (2,629) million.

## NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

### Acquisitions

#### Com Hem, Sweden

On January 10, 2018 Tele2 announced the merger plan with Com Hem in Sweden through a statutory merger in accordance with the Swedish Companies Act, creating a leading integrated connectivity provider. The merger will, if approved by the shareholders, be implemented by Tele2 absorbing Com Hem. Com Hem's shareholders will receive as merger consideration SEK 37.02 in cash plus 1.0374 B shares in Tele2 for each share in Com Hem outstanding as at completion of the merger. Hence, Com Hem's shareholders will receive approximately 26.9 percent economic ownership in Tele2 and a total cash consideration of SEK 6.6 billion. The completion of the merger is subject to, inter alia, approval by the shareholders of each of Tele2 and Com Hem at their respective Extraordinary General Meetings, which are currently expected to be held in second half of 2018 as well as approval from the relevant competition authorities. The merger is expected to be completed during Q4 2018.

Additional information about acquisitions made in 2017 is provided in Note 15 in the 2017 Annual Report.

### Divestments

Please refer to Note 11 discontinued operations.

## NOTE 10 RESTATEMENT AND CHANGES IN ACCOUNTING PRINCIPLES

### Restatements

The Consolidated Financial Statements previously issued and prepared in accordance with the International Financial Reporting Standards and interpretations of the IFRS Interpretations Committee as endorsed by the EU as of and for the years ended December 31, 2015, 2016, and 2017 have been restated with respect to certain items within the consolidated income statement, consolidated balance sheet, and consolidated statements of cash flow. The nature and impact of each restatement is described below.

#### ■ Restatement of valuation allowance – deferred tax assets

IAS 12 states that deferred tax assets should be recognized where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. IAS 12 states that deferred tax assets should be recognized when utilization is probable, "probable" is commonly interpreted under IFRS as "more likely than not". When making this assessment items such as certain taxable temporary differences, where appropriate, taxable profit in future periods, and tax planning opportunities are considered.

To properly reflect the probability criteria, Tele2 has restated its consolidated financial statements where previously unrecognized deferred tax assets relating to operations in Luxembourg, which was generating a taxable profit, have been recognized in the opening balance sheet in 2015. The adjustment for Luxembourg amounts to SEK 179 million as of December 31, 2017 and results in an increase in deferred tax assets and retained earnings.

#### ■ Restatement of lease incentive

In 2016, as a result of the renegotiation of a lease contract, Tele2 in the Netherlands recorded SEK 72 million as a reduction in lease expense representing the remaining unamortized lease incentive amount. In accordance with IAS 17 the lease incentive should have continued to be amortized over the remaining life of the renegotiated lease. As a result the unamortized lease incentive has been reversed and administrative expense has been restated accordingly. This restatement impacts discontinued operations and liabilities held for sale.

#### ■ Other restatements

In accordance with presentation requirements under IAS 1, the Company has made certain other adjustments and reclassifications in the income statement and balance sheet for the six month period and three month period ended June 30, 2017. These restatements do not have a material impact on the balance sheet and income statements for any of the periods presented.

The total impact of restatements on the six month period and the three month period ended June 30, 2017 are presented in the tables below.

## Impact of IFRS 15

On January 1, 2018 Tele2 changed the accounting principles for revenues from contracts with customers, by applying IFRS 15, with full retrospective application. Description of the changes, as a result of applying IFRS 15, and the effects on the six month period and three month period ended June 30, 2017 are presented in the tables below.

## Income statement

SEK million	Jan 1-Jun 30, 2017				Apr 1-Jun 30, 2017			
	Restated	Restatements	Change IFRS 15	Reported pre-IFRS 15	Restated	Restatements	Change IFRS 15	Reported pre-IFRS 15
<b>CONTINUING OPERATIONS</b>								
Revenue	12,117	19	-132	12,230	6,152	-1	-61	6,214
Cost of services provided and equipment sold	-7,191	12	133	-7,336	-3,606	-3	62	-3,665
<b>Gross profit</b>	<b>4,926</b>	<b>31</b>	<b>1</b>	<b>4,894</b>	<b>2,546</b>	<b>-4</b>	<b>1</b>	<b>2,549</b>
Selling expenses	-2,046	8	-2	-2,052	-1,057	-1	5	-1,061
Administrative expenses	-1,178	16	-	-1,194	-607	6	-	-613
Result from shares in joint ventures and associated companies	1	-	-	1	1	-	-	1
Other operating income	51	-	-	51	21	-	-	21
Other operating expenses	-23	-	-	-23	-9	-	-	-9
<b>Operating profit/loss</b>	<b>1,731</b>	<b>55</b>	<b>-1</b>	<b>1,677</b>	<b>895</b>	<b>1</b>	<b>6</b>	<b>888</b>
Interest income	10	-	-	10	5	-	-	5
Interest expenses	-169	-14	-	-155	-84	-7	-	-77
Other financial items	-125	-	-	-125	-94	-	-	-94
<b>Profit/loss after financial items</b>	<b>1,447</b>	<b>41</b>	<b>-1</b>	<b>1,407</b>	<b>722</b>	<b>-6</b>	<b>6</b>	<b>722</b>
Income tax	-385	-9	2	-378	-192	1	-	-193
<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS</b>	<b>1,062</b>	<b>32</b>	<b>1</b>	<b>1,029</b>	<b>530</b>	<b>-5</b>	<b>6</b>	<b>529</b>
<b>DISCONTINUED OPERATIONS</b>								
Net profit/loss from discontinued operations	-454	-83	-3	-368	-290	-38	-1	-251
<b>NET PROFIT/LOSS</b>	<b>608</b>	<b>-51</b>	<b>-2</b>	<b>661</b>	<b>240</b>	<b>-43</b>	<b>5</b>	<b>278</b>
ATTRIBUTABLE TO								
Equity holders of the parent company	669	-51	-2	722	259	-43	5	297
Non-controlling interests	-61	-	-	-61	-19	-	-	-19
<b>NET PROFIT/LOSS</b>	<b>608</b>	<b>-51</b>	<b>-2</b>	<b>661</b>	<b>240</b>	<b>-43</b>	<b>5</b>	<b>278</b>
Earnings per share (SEK)	1.34	-0.10	-	1.44	0.53	-0.09	0.02	0.60
Earnings per share, after dilution (SEK)	1.33	-0.10	-	1.43	0.53	-0.08	0.02	0.59
<b>FROM CONTINUING OPERATIONS</b>								
ATTRIBUTABLE TO								
Equity holders of the parent company	1,123	32	1	1,090	549	-5	6	548
Non-controlling interests	-61	-	-	-61	-19	-	-	-19
<b>NET PROFIT/LOSS</b>	<b>1,062</b>	<b>32</b>	<b>1</b>	<b>1,029</b>	<b>530</b>	<b>-5</b>	<b>6</b>	<b>529</b>
Earnings per share (SEK)	2.24	0.06	-	2.18	1.10	-0.02	0.01	1.11
Earnings per share, after dilution (SEK)	2.23	0.06	-	2.17	1.10	-0.01	0.01	1.10

## Balance sheet

SEK million	Dec 31, 2017			Reported pre-IFRS 15
	Restated	Restatements	Change IFRS 15	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	5,517	–	–	5,517
Other intangible assets	4,044	–62	–	4,106
<b>Intangible assets</b>	<b>9,561</b>	<b>–62</b>	<b>–</b>	<b>9,623</b>
Tangible assets	8,692	115	–	8,877
Financial assets	794	–	20	774
Capitalized contract costs	380	–	380	–
Deferred tax assets	1,911	189	–	1,722
<b>NON-CURRENT ASSETS</b>	<b>21,338</b>	<b>242</b>	<b>400</b>	<b>20,696</b>
<b>CURRENT ASSETS</b>				
<b>Inventories</b>	<b>689</b>	<b>2</b>	<b>–</b>	<b>687</b>
Current receivables	6,726	–202	27	6,901
Current investments	3	–	–	3
Cash and cash equivalents	802	–	–	802
<b>CURRENT ASSETS</b>	<b>8,220</b>	<b>–200</b>	<b>27</b>	<b>8,393</b>
ASSETS CLASSIFIED AS HELD FOR SALE	10,166	11	104	10,051
<b>ASSETS</b>	<b>39,724</b>	<b>53</b>	<b>531</b>	<b>39,140</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Attributable to equity holders of the parent company	17,246	–53	286	17,013
Non-controlling interests	–114	–15	–	–99
<b>EQUITY</b>	<b>17,132</b>	<b>–68</b>	<b>286</b>	<b>16,914</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing liabilities	11,565	52	–	11,513
Deferred tax liability	998	–251	49	1,200
<b>NON-CURRENT LIABILITIES</b>	<b>12,563</b>	<b>–199</b>	<b>49</b>	<b>12,713</b>
<b>CURRENT LIABILITIES</b>				
Interest-bearing liabilities	820	24	–	796
Non-interest-bearing liabilities	7,074	169	71	6,834
<b>CURRENT LIABILITIES</b>	<b>7,894</b>	<b>193</b>	<b>71</b>	<b>7,630</b>
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	2,135	127	125	1,883
<b>EQUITY AND LIABILITIES</b>	<b>39,724</b>	<b>53</b>	<b>531</b>	<b>39,140</b>

## NOTE 11 DISCONTINUED OPERATIONS Tele2 Netherlands

On December 15, 2017 Tele2 announced that Tele2 and Deutsche Telekom have agreed to combine Tele2 Netherlands and T-Mobile Netherlands. Tele2 will hold a 25 percent share in the combined company and receive a cash payment of EUR 190 million upon closing. The combined company will be a stronger customer champion in the market and enable technology investments to the benefits of the Dutch population.

### Income statement

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30 (Restated)	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30 (Restated)
Revenue	3,105	3,375	1,568	1,714
Cost of services provided and equipment sold	-2,211	-2,432	-1,088	-1,288
<b>Gross profit/loss</b>	<b>894</b>	<b>943</b>	<b>480</b>	<b>426</b>
Selling expenses	-873	-967	-427	-519
Administrative expenses	-491	-388	-252	-180
Other operating income	2	2	1	2
Other operating expenses	-11	-2	-9	-1
<b>Operating loss</b>	<b>-479</b>	<b>-412</b>	<b>-207</b>	<b>-272</b>
Interest expenses	-2	-13	-1	-13
<b>Loss after financial items</b>	<b>-481</b>	<b>-425</b>	<b>-208</b>	<b>-285</b>
Income tax from the operation	-	-11	-	-5
<b>NET LOSS FROM THE OPERATION</b>	<b>-481</b>	<b>-436</b>	<b>-208</b>	<b>-290</b>
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	-22	-18	-19	-
-of which Netherlands	-23	-	-20	-
-of which Austria, sold 2017	1	-	1	-
-of which Russia, sold 2013	-	-18	-	-
<b>NET LOSS</b>	<b>-503</b>	<b>-454</b>	<b>-227</b>	<b>-290</b>
Earnings per share (SEK)	-1.00	-0.90	-0.45	-0.57
Earnings per share, after dilution (SEK)	-1.00	-0.90	-0.45	-0.57
<b>Total operating profit/loss</b>				
Operating profit from the operation	-479	-412	-207	-272
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	-22	-18	-19	-
<b>Total operating loss</b>	<b>-501</b>	<b>-430</b>	<b>-226</b>	<b>-272</b>

The establishment of the combined company is subject to regulatory approval by the relevant competition authorities. The transaction is therefore expected to close in Q4 2018. As a part of the agreement, there is a break fee amounting to EUR 25 million that Tele2 will receive, in case the transaction should not be approved by the relevant authorities.

The Dutch operations are reported as discontinued operation as stated below. For 2017, discontinued operation also includes Austria which was sold on October 31, 2017 and Russia which was sold in 2013.

### Balance sheet

Assets held for sale refer to the Dutch operation.

SEK million	2018 Jun 30	2017 Dec 31 (Restated)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Goodwill	1,030	973
Other intangible assets	1,288	1,271
<b>Intangible assets</b>	<b>2,318</b>	<b>2,244</b>
Tangible assets	5,243	5,027
Financial assets	628	550
Capitalized contract costs	195	191
<b>NON-CURRENT ASSETS</b>	<b>8,384</b>	<b>8,012</b>
<b>CURRENT ASSETS</b>		
Inventories	109	130
Current receivables	2,037	2,024
<b>CURRENT ASSETS</b>	<b>2,146</b>	<b>2,154</b>
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>10,530</b>	<b>10,166</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	274	251
<b>NON-CURRENT LIABILITIES</b>	<b>274</b>	<b>251</b>
<b>CURRENT LIABILITIES</b>		
Non-interest-bearing liabilities	1,846	1,884
<b>CURRENT LIABILITIES</b>	<b>1,846</b>	<b>1,884</b>
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>2,120</b>	<b>2,135</b>

### Cash flow statement

SEK million	2018 Jan 1-Jun 30	2017 Jan 1-Jun 30	2018 Apr 1-Jun 30	2017 Apr 1-Jun 30
Cash flow from operating activities	112	163	27	114
Cash flow from investing activities	-580	-521	-190	-262
Cash flow from financing activities	-	-7	-	-4
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-468</b>	<b>-365</b>	<b>-163</b>	<b>-152</b>

**TELE2**