

Interim Report January–March 2012

Q1 2012 Highlights

Net sales growth for the group amounted to 8 percent excluding exchange rate differences

- Net sales amounted to SEK 10,481 (9,642) million corresponding to a growth excluding exchange rate difference of 8 percent in the quarter. EBITDA in Q1 2012 amounted to SEK 2,571 (2,544) million, equivalent to an EBITDA margin of 25 (26) percent.

Good customer intake in market area Russia

- In Q1 2012, Tele2 Russia added 304,000 (547,000) customers leading to a total customer base of 20.9 (19.0) million. EBITDA amounted to SEK 1,063 (942) million, equivalent to an EBITDA margin of 35 (36) percent.

Maintained mobile revenue growth in market area Nordic

- Mobile revenue in Sweden grew by 4 percent, as customer demand for smartphones and data services increased further during the quarter. This trend was enhanced by an aggressive marketing campaign

during the month of March. As a result of increased marketing spend, the EBITDA margin was negatively affected. Tele2 Norway performed well during the quarter, with increased focus on moving traffic on to its own network.

Significant operational progress in market area Central Europe & Eurasia

- During the quarter, Tele2 Kazakhstan continued its successful launch of new regions, resulting in a customer intake of 332,000 (-24,000). The total customer base amounted to 1,703,000 (308,000). The Baltic countries drove further cost cutting in the quarter, maintaining their firm EBITDA margin development.

Robust margin development in fixed broadband in market area Western Europe

- Tele2 Netherlands maintained a stable EBITDA margin compared to same period last year, despite tough market conditions in the consumer and business segments. Tele2 Austria carried on the integration of Silver Server during the quarter.

Net sales Q1 2012

10,481

SEK million

EBITDA Q1 2012

2,571

SEK million

Key Financial Data

SEK million	Q1		
	2012	2011	%
Net Sales	10,481	9,642	9%
Net Sales excluding exchange rate differences	10,481	9,682	8%
EBITDA	2,571	2,544	1%
EBITDA excluding exchange rate differences	2,571	2,553	1%
EBIT	1,383	1,673	-17%
EBIT excluding one-off items	1,382	1,574	-12%
Net Profit	869	1,226	-29%
Earnings per share, after dilution (SEK)	1.95	2.75	-29%

The figures presented in this report refer to Q1 2012 and continuing operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2011.

TELE2

CEO comment

The first quarter of 2012 was as challenging as expected; many of the structural trends foreseen in our industry are now materializing. At Tele2, we concentrated our efforts on maintaining strong customer momentum and continued to show solid revenue growth in our main markets.

We embrace the accelerating move from voice to data and migration from prepaid to postpaid. We believe this is a natural evolution likely to improve the operational performance of mobile operators over the medium term. More immediate and readily evident in Q1 2012 are additional costs associated with the transition from traditional voice to a more data centric emerging business model.

Still, the first quarter of 2012 has continued to show solid revenue growth in our main markets. We concentrated our efforts on maintaining strong customer momentum within our entire mobile arena.

Our achievements in Russia again proved satisfactory in revenue and customer intake. Our Russian operation added more than 300,000 customers in Q1 2012 and ARPU development was more robust than we had indicated previously. Nevertheless, the easing of EBITDA margins, which we anticipated from seasonal marketing-related costs, was greater as we accelerated customer intake, especially in more strategic regions. The operational benefits of a larger customer base at the beginning the year should be visible in subsequent quarters. On the regulatory side, Tele2 completed its tests of LTE technology over 1800 MHz frequencies on own network in Omsk, and demonstrated as predicted that LTE and GSM can coexist over defined spectrum without causing deterioration of voice quality. Further, speeds of up to 75 Mbps (20–40 Mbps on average downlink) were reached over LTE. The Radio Research and Development Institute (NIIR) will now analyse the results and write a recommendation to the State Radio Frequency Commission (SRFC), which will then take a formal decision on whether to allow LTE on 1800MHz in Russia. We look forward to the authorities' conclusions, expected during 2012, and believe that they will confirm the regulatory bodies' support for regional operators.

Our Nordic operations experienced a competitive quarter. In Sweden, the impact of the transition from voice to data in our industry is real and can be felt today. With fierce competition in the market, we needed to execute our strategy by protecting our price and value position; we are aware that this bears a cost that we shall address internally in coming quarters. The price war waged indicates a change in the context of our business; we must continue to adjust to this new reality organizationally, effectively and efficiently. The

“Smartphones will enable us to grow with customer needs, to serve their changing requirements with greater access and consistently closer customer care.”

integration of Network Norway is well under way. We are presently working on our brand positioning and have already seen evidence of emerging lower price competition during this quarter.

Our operations in the Netherlands are delivering stable EBITDA margins within fixed broadband. We are still evaluating the potential of 4G networks with the auction taking place only in October. Tele2 Austria reinforced its focus in the B2B market by integrating the local Business Provider Silver Server.

The growth in the market area Central Europe & Eurasia was mainly driven by Tele2 Kazakhstan's robust performance during the quarter. The Kazakh operation

added more than 300 000 customers, taking its subscriber base to 1.7 million, and successfully launched two new regions. We see good traction and a strong demand for our services in the market: we are on our way to surpassing the upper end of our guidance at year-end. The development of Tele2 Croatia's operation in Q1 2012 is disappointing; we have made organizational changes to promote a fresh start, with the aim of gaining momentum in the market through revenue share and radically improved profitability.

We are in the midst of transformation and increased challenges in our industry, with Tele2 embracing change and introducing full data service bundles, while competitors still resist. As I see it, smartphones will enable us to grow with consumer needs, to service their changing requirements with greater access and consistently closer customer care. Furthermore, through data enabled networks, we will be able to manage traffic more intelligently and effectively and to introduce more agile pricing alongside quality of service. There is real and fundamental value in our two major assets: access to the network and access to the customer. We should manage to charge for them profitably.

Indeed, there are lots of changes – and with them many new opportunities for those operators ready to add value. And for sure, Tele2 is well positioned to capitalize on those opportunities.

Mats Granryd
President and CEO, Tele2 AB

Financial Overview

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

Net customer intake amounted to 559,000 (399,000) in Q1 2012. The customer intake in mobile services amounted to 679,000 (522,000). This trend was mainly driven by a good customer intake in Tele2 Kazakhstan, complemented by solid customer intake in Tele2 Russia, whose customer bases grew by 332,000 (-24,000) and 304,000 (547,000) customers respectively. The fixed broadband customer base lost -22,000 (-4,000) customers in Q1 2012, primarily attributable to Tele2's operations in the Netherlands and in Germany. As expected, the number of fixed telephony customers fell in Q1 2012. On March 31, 2012 the total customer base amounted to 34,759,000 (31,238,000) thanks to a continued growth in mobile services.

Net sales in Q1 2012 amounted to SEK 10,481 (9,642) million corresponding to a growth excluding exchange rate differences and one-off items of 8 percent. The revenue development was mainly a result of sustained success in mobile services and the integration of Network Norway, which contributed with SEK 547 million in the quarter.

EBITDA in Q1 2012 amounted to SEK 2,571 (2,544) million, equivalent to an EBITDA margin of 25 (26) percent. The EBITDA development was negatively affected by significant marketing efforts in both Tele2 Sweden and Tele2 Russia as a response to increased competition.

EBIT in Q1 2012 amounted to SEK 1,382 (1,574) million excluding one-off items¹⁾. Including one-off items, EBIT amounted to SEK 1,383 (1,673) million. The EBIT development was negatively impacted by the integration of Network Norway and also an accelerated depreciation of network equipment in the Baltic region in preparation of a network replacement amounting to SEK 69 million (Note 2).

Profit before tax in Q1 2012 amounted to SEK 1,205 (1,599) million.

Net profit in Q1 2012 amounted to SEK 869 (1,226) million. Reported tax for Q1 2012 amounted to SEK -336 (-373) million. Tax payment affecting cash flow amounted to SEK -202 (-225) million.

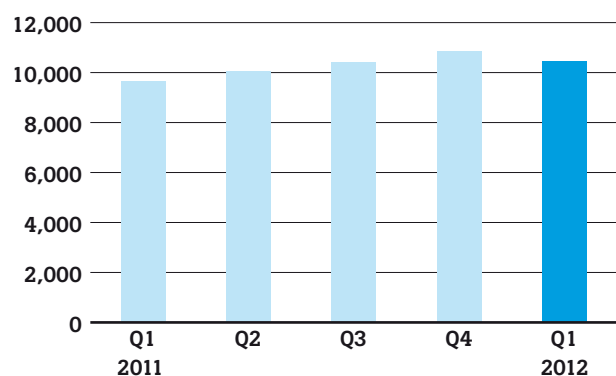
Cash flow after CAPEX in Q1 2012 amounted to SEK 1,066 (1,166) million.

CAPEX in Q1 2012 amounted to SEK 1,043 (1,313) million, driven mainly by further network expansion in Sweden, Russia and Kazakhstan.

Net debt amounted to SEK 12,714 (2,152) million on March 31, 2012, or 1.13 times 12-month rolling EBITDA. Tele2's available liquidity amounted to SEK 15,656 (16,847) million.

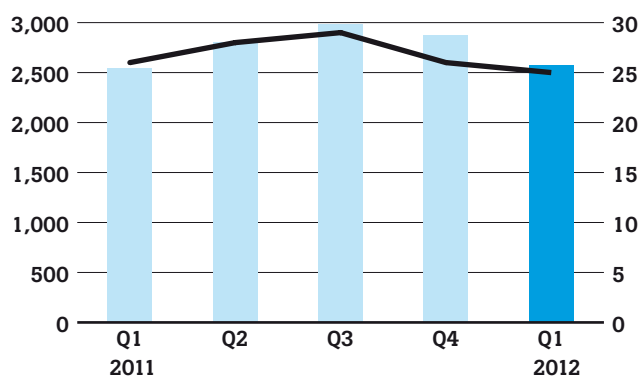
Net sales

MSEK



EBITDA/EBITDA margin

MSEK/Percent



¹⁾ See section EBIT on page 20.

FINANCIAL GUIDANCE

Tele2's objective is to maintain a healthy balance between growth regions and more mature markets and to be established in Europe and Eurasia. The group will secure licences through strong local connections within the business and political communities in all its markets. Tele2's core markets are characterized by:

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

Tele2 group forward looking statement

The following assumptions should be taken into account when estimating 2012 results for the group:

- Tele2 forecasts a corporate tax rate of approximately 24 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 1,200 million.
- Tele2 forecasts a capex level of approximately SEK 5,500 (earlier SEK 6,000) million.

Tele2 Sweden forward looking statement

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

- Tele2 expects mobile service revenue to grow by approximately 3–5 (earlier 2–4) percent.
- Tele2 expects an EBITDA margin of between 30–32 (earlier 33–35) percent assuming a stable market environment.

Tele2 Norway forward looking statement

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

- Tele2 expects a total revenue of between SEK 5,000–5,200 million.
- Tele2 expects an EBITDA margin of between 2–3 percent.
- Tele2 expects capex of between SEK 850–950 million.

Tele2 Russia forward looking statement

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

- Tele2 expects the subscriber base to reach 21.5–22 million.

- Tele2 expects a percentage growth of ARPU in low single digits (earlier to remain stable) in local currency.
- Tele2 expects an EBITDA margin of between 37–39 (earlier 39–40) percent.
- Tele2 expects capex of between SEK 1,300–1,500 million.

Tele2 Kazakhstan forward looking statement

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

- Tele2 expects the subscriber base to reach 2.5–2.7 (earlier 2.3–2.5) million.
- Tele2 expects an EBITDA contribution of between SEK –350 to –400 (earlier –325 to –375) million.
- Tele2 expects capex of between SEK 550–600 million.
- Tele2 expects to reach EBITDA break-even by 2H 2013.
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.

Tele2 Croatia forward looking statement

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

- Tele2 expects Croatia to reach an EBITDA margin of 20 percent by Q3 2013.

Shareholder remuneration

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

In respect of the financial year 2011, the Board of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) in May 2012 a total dividend payment of SEK 13.00 (27.00) per ordinary A or B share, to be comprised of an ordinary dividend of SEK 6.50 (6.00) and an extraordinary dividend of SEK 6.50 (21.00).

Balance sheet

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

SIGNIFICANT EVENTS IN THE QUARTER

- Tele2 Lithuania was awarded a mobile license in Lithuania of 2 x 20 MHz in the 2.6 GHz frequency band.
- Tele2 Latvia was awarded a mobile license in Latvia of 2 x 20 MHz in the 2.6 GHz frequency band for SEK 9 million.
- Tele2 Russia and the State Radio Institute successfully finalized the tests of LTE technology over 1800 MHz frequencies in Omsk.
- Tele2 AB completed the issuance of NOK 1.3 billion in the Norwegian bond market.
- Tele2 Russia completed a RUB 7 billion bond issue.
- Tele2 AB completed a first issue under a Swedish Commercial Paper Program.
- Tele2 Estonia completed the acquisition of telecommunication service provider Televõrgu AS for SEK 222 million (Note 9).

Significant subsequent events

- Tele2 Russia issued a RUB 6 billion bond issue.
- Tele2 AB established an EMTN programme.

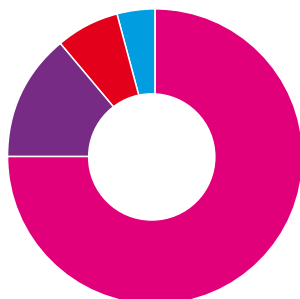
SEK million	Q1 2012	Q1 2011	FY 2011
Mobile¹⁾			
Net customer intake (thousands)	679	522	3,413
Net sales	7,861	6,730	29,668
EBITDA	1,919	1,907	8,440
EBIT	1,024	1,271	5,625
CAPEX	786	930	4,727
Fixed broadband¹⁾			
Net customer intake (thousands)	-22	-4	-70
Net sales	1,462	1,510	6,022
EBITDA	361	332	1,475
EBIT	133	107	535
CAPEX	118	163	643
Fixed telephony¹⁾			
Net customer intake (thousands)	-98	-119	-573
Net sales	784	974	3,655
EBITDA	248	265	1,090
EBIT	220	220	911
CAPEX	10	17	70
Total			
Net customer intake (thousands)	559	399	2,770
Net sales	10,481	9,642	41,001
EBITDA	2,571	2,544	11,212
EBIT ²⁾	1,383	1,673	7,050
CAPEX	1,043	1,313	6,105
EBT	1,205	1,599	6,376
Net profit	869	1,226	4,904
Cash flow from operating activities	1,896	2,182	9,690
Cash flow after CAPEX	1,066	1,166	4,118

1) Excluding one-off items (see sections Net sales and EBIT on pages 16 and 20).

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

Net sales per product area, Q1 2012

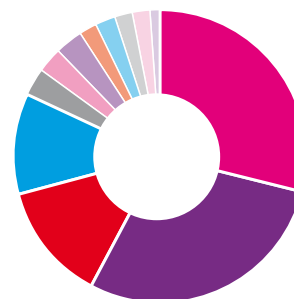
Percent



Mobile	75%	Fixed telephony	7%
Fixed broadband	14%	Other	4%

Net sales per country, Q1 2012

Percent



Sweden	29%	Croatia	3%
Russia	29%	Latvia	2%
Netherlands	13%	Germany	2%
Norway	11%	Estonia	2%
Austria	3%	Kazakhstan	2%
Lithuania	3%	Other	1%

Overview by region

EXTERNAL SALES LESS EXCHANGE RATE FLUCTUATIONS

	2012 Q1	2011 Q1*	Growth	2011 Full Year
Sweden	3,071	3,069	0%	12,575
Norway	1,135	703	61%	3,319
Russia	3,048	2,625	16%	11,463
Estonia	208	189	10%	839
Lithuania	290	282	3%	1,254
Latvia	238	262	-9%	1,094
Croatia	267	271	-1%	1,301
Kazakhstan	165	30	450%	346
Netherlands	1,350	1,473	-8%	5,823
Germany	254	290	-12%	1,096
Austria	354	343	3%	1,377
Other	101	145	-30%	514
	10,481	9,682	8%	41,001
FX effects		-40	1%	
Total	10,481	9,642	9%	41,001

* Adjusted for fluctuations in exchange rates.

NORDIC

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

Sweden

Mobile Q1 2012 was characterized by increased competition dominated by aggressive marketing campaigns in March. Despite being challenged, Tele2 Sweden successfully defended its price leadership position in a dynamic market through a temporary campaign that ran from 8 of March to 11 of April. The campaign generated in total 148,000 gross postpaid customers of which 65,000 in the month of March. During the quarter, Tele2 Sweden maintained its efforts to move existing prepaid customers into postpaid bundles. Furthermore, a higher level of Tele2 customers prolonged their postpaid contracts with the company, further to the attractive service packages offered to the market during the quarter. The prepaid to postpaid migration in the market is clearly visible as mobile postpaid net intake for the quarter was 51,000 (35,000), while mobile prepaid net intake was -74,000 (-35,000). The underlying growth for the total intake was mainly driven by customers' continued demand for smartphones, boosted by the temporary campaign on postpaid subscriptions. The smartphone installed base continued to grow, due to the increased sales of low-end smartphones.

The mobile EBITDA margin reached 28 (33) percent in the quarter. The margin was primarily affected by increased sales cost related to the temporary campaign on postpaid subscription including a subsidized smartphone.

MoU for the mobile operations in Sweden was 241 (247) and a blended ARPU of SEK 180 (183) was reported in the quarter. MoU in the postpaid segment was 291 (293) and ARPU amounted to SEK 233 (238).

Tele2 Sweden continued the roll-out of the combined 2G and 4G networks in the joint venture Net4Mobility, covering at the end of Q1 2012 110 municipalities and 5.7 million people, with what will become the most extensive 4G network in the country.

In the Business segment, Q1 showed continued improved intake in the Communication as a Service area, as well as a growth in customer base and overall EBITDA above expectations.

EBITDA LESS EXCHANGE RATE FLUCTUATIONS

	2012 Q1	2011 Q1*	Growth	2011 Full Year
Sweden	774	840	-8%	3,665
Norway	25	40	-38%	20
Russia	1,063	952	12%	4,480
Estonia	57	51	12%	234
Lithuania	121	113	7%	451
Latvia	88	86	2%	380
Croatia	7	1	600%	78
Kazakhstan	-97	-73	-33%	-401
Netherlands	409	415	-1%	1,806
Germany	91	84	8%	352
Austria	82	81	1%	325
Other	-49	-37	-32%	-178
	2,571	2,553	1%	11,212
FX effects		-9	0%	
Total	2,571	2,544	1%	11,212

Fixed Broadband Tele2 Sweden experienced further growth in profitability during the quarter, mainly driven by reduced operational costs and increased prices in the ADSL and Coaxial cable segments. The EBITDA margin for the fixed broadband segment was 9 (3) percent.

Fixed Telephony Tele2 Sweden reported an EBITDA margin of 25 (22) percent during the first quarter, and saw, as expected, a continued decrease in demand for fixed telephony.

Norway

Mobile In the quarter, Tele2 Norway reported revenues of SEK 1,060 (597) million, impacted by the acquisition of Network Norway. The revenue from the acquired company amounted to SEK 547 million in Q1 2012.

Tele2 Norway has had a successful quarter with a good net intake and satisfactory profitability. In the residential market, sales campaigns focused on smartphones bundled with fixed-price subscriptions. All brands have been aiming to increase the share of fixed-price subscriptions in order to secure revenue streams.

Tele2 Norway reached an EBITDA contribution of SEK 15 (21) million in Q1 2012, heavily impacted by the reduction in termination rates. However, the operational performance was helped by more traffic volume being moved to our own network.

The roll-out is progressing according to plan with SEK 99 (35) million in CAPEX in Q1 2012.

Fixed Telephony Fixed telephony showed a stable development of revenue and profitability during Q1 2012. Fixed telephony had an EBITDA contribution of SEK 10 (18) million in the first quarter.

RUSSIA

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

Mobile The overall operational development in the quarter was affected by seasonally higher marketing spend in the beginning of the year, resulting in a strong customer intake but also in a lower EBITDA contribution. The higher marketing spend was due to a higher level of active initiatives in tariff promotion and SIM-card sales meant to strengthen the company's price leadership position, especially in more strategic regions. By accelerating the customer growth in the first quarter, Tele2 Russia will benefit from additional operational leverage throughout the rest of the year. EBITDA amounted to SEK 1,063 (942) million, equivalent to a margin of 35 (36) percent.

The total customer base grew by 304,000 (547,000) in Q1 2012. During the last 12 months, Tele2 Russia's customer base has grown by 1,955,000 new users, proving that there is a continued solid demand for the group's services despite competitors' introduction of 3G services. The total customer base amounted to 20,940,000 (18,985,000) at the end of Q1 2012. The churn level of the total customer base was stable during the quarter in spite of severe and sustained competitive pressure. Tele2 Russia will maintain its effort to be best in class in customer retention and continue to work with a commission structure to the retail channels in order to further enhance the quality of customer intake.

Despite an impact from customer base growth in new regions with lower initial service usage, and generally high competitive pressure throughout Tele2 Russia's footprint, MoU for the total operations increased by 7 percent compared to the year-earlier period, amounting to 246 (229). ARPU was SEK 49 (46) or RUB 218 (209).

On the regulatory side, Tele2 has gained a better understanding of the Russian market and set clear operational priorities in a complex environment. During the quarter, Tele2 Russia completed successful tests of LTE technology over 1800 MHz frequencies on its own network in Omsk. The tests were performed according to a methodology developed by the Radio Research and Development Institute (NIIR) and with the assistance of its experts. The conclusions of the technology neutrality study of the Russian 1800 spectrum are expected during 2012. Tele2 believes that the regulatory authorities will maintain their established support to the regional operators and enable them to provide essential future-proof data services.

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

CENTRAL EUROPE AND EURASIA

Tele2's Baltic operations will remain focused on generating a strong cash flow contribution as the economies in the region stabilize.

Tele2 Croatia's operation is a challenger, as it offers the Best Deal in both mobile telephony and mobile broadband. Tele2 Kazakhstan's operation is the latest growth opportunity for the group.

Estonia

Mobile Mobile business showed positive operational development in Q1 2012, as year on year EBITDA grew by 6 percent. Nevertheless, net intake was negative in the residential postpaid segment due to heavy competition and aggressive telemarketing campaigns from other operators.

Tele2 Estonia started in the quarter to focus more intensely on the corporate and wholesale segments. The current market share within the business segment was approximately 18 percent in 2011, allowing for further growth.

Tele2 Estonia acquired Televõrgu AS from Eesti Energy during Q1 2012. Televõrgu AS operates optical fibre network across Estonia. The acquisition will contribute to strengthening Tele2's position in the Estonian market, providing unlimited access to backbone infrastructure for own needs until 2025 (Note 9).

Lithuania

Mobile Tele2 Lithuania kept demonstrating stable financial performance during the quarter, in spite of a demanding economic climate.

Thanks to successful sales and marketing activities, Tele2 Lithuania achieved a positive customer intake during the quarter. More specifically, improvements can be attributed to good postpaid churn management. As a result, the quarterly churn number decreased compared to the same quarter last year.

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

In Q1 2012, EBITDA grew compared to last year helped by better cost control and higher revenue generation.

Tele2 Lithuania will keep focusing on growing its market share in the business segment, benefiting from general price sensitivity among private companies and state-owned organizations. Furthermore, Tele2 will continue to capitalize on the mobile broadband sales growth momentum.

Latvia

Mobile Although operating in a highly competitive market, Tele2 Latvia delivered solid financial performance in Q1 2012. Increased operational efficiency, uptake of data packages and a high level of customer satisfaction leading to lower churn resulted in improved EBITDA contribution. The revenue development was impacted by lower termination rates during the quarter, resulting in a revenue decline.

Tele2 Latvia focused on the development of products and sales performance, while further developing infrastructure in terms of coverage, capacity and data capabilities.

The company will continue to strengthen its market position by maintaining its price leadership and concentrating its efforts on the postpaid and corporate customer segments.

Croatia

Mobile The development of Tele2 Croatia's operation in Q1 2012 was below expectations. As a result, the company made organizational changes to promote a fresh start, with the aim of gaining momentum in the market through revenue share and improved profitability.

In Q1 2012, Tele2 Croatia added 12,000 (17,000) customers in combination with a positive EBITDA result. The EBITDA contribution was driven by continued positive development in domestic revenue market share with a particular focus on the high growth postpaid smartphone segment, the business postpaid segment, and the prepaid voice segment.

The increase in customer generated revenue was offset by lower termination rates during the quarter, resulting in a revenue decline.

The gross margin continued to improve from the network rollout reducing Tele2 Croatia's reliance on national roaming.

Kazakhstan

Mobile In Q1 2012, Tele2 Kazakhstan continued to launch new regions and to develop its existing operations. In March, Tele2 successfully launched the South-Kazakhstan region (Shymkent city), the most populated region in Kazakhstan, and the Zhambyl region (Taraz city), another region with a population of more than 1 million. In existing regions, Tele2 introduced new attractive tariff plans and organized a series of mini-launches in towns, while working on building regional distribution networks and brand awareness. In Q2 2012, Tele2 will launch the remaining regions Kyzylorda and Atyrau.

At the end of March, Tele2 Kazakhstan introduced offers for business clients, targeted at small and medium enterprises.

Launches in new regions and further development in existing regions were supported by network deployment. Net intake was 332,000 (-24,000), taking the total active customer base to 1,703,000.

Further network expansion, quality and coverage improvement, especially in small towns and rural areas, will allow the company to increase its commercial activity and attract new customers in different regions of Kazakhstan.

Lastly, Tele2 Kazakhstan will continue to strengthen its price leadership position by further developing marketing and sales activities.

WESTERN EUROPE

Tele2's operations in Western Europe lead the group in business to business services and consumer fixed broadband.

Netherlands

Tele2 Netherlands' underlying revenue and cash flow performance during Q1 2012 was in line with the previous quarters. Higher expansion costs, caused by growing mobile intake in retail and successful SME partner sales, resulted in lower EBITDA levels.

Mobile Tele2 Netherlands increased its focus on mobile operations and continued to benefit from the addition of new retail and online distribution channels. In Q1 2012, the mobile customer base grew mainly through intake in the high value postpaid segment, driven by a new marketing campaign called SmartMix. This new tariff plan offers customers the freedom to compose their own mix of voice and

data, thereby setting Tele2 apart from other providers in the Dutch market. Prepaid intake continued to show stable performance.

Fixed Broadband Tele2 encountered fierce competition in the residential broadband market but managed to slow the impact on its customer base by means of successful campaigns. Customers preferred bundled services over single play products. In the business segment, Tele2 Netherlands showed an increasing intake of new business contracts, mainly driven by an extensive partner sales program in the SME segment.

Fixed Telephony Both customer base and usage declined in line with market trends. Tele2 continued to focus on retention and migration to broadband products in order to maximize value.

Germany

During Q1 2012, Tele2 Germany kept its focus on intensifying activities in the mobile segment, on customer base management and on operational excellence within the fixed telephony and broadband segments. This resulted in both a stabilization of the customer base and an overall improved profitability.

Mobile The demand for cost effective home telephony (via mobile network) products continued to show positive trends in Q1 2012, resulting in a net intake fully in line with expectations. The same trend was visible for the internet and telephony home product based on UMTS/3G backhaul. The efficiency of all sales and provisioning processes was monitored and managed closely to keep profitability at a stable level.

Fixed Broadband Tele2 Germany's continuous efforts and activities in retention and customer base management led to a stable profitability in the broadband segment during the quarter.

Fixed Telephony The market segments "Call by Call" and Carrier-Pre-Selection were still declining in Q1 2012. But advancing saturation of the broadband market was accompanied by a slowdown of this decline in voice only. Tele2 Germany maintained its solid position in the market during the quarter and once again achieved very satisfying profitability in the fixed telephony segment.

Austria

In the first quarter of 2012, Tele2 Austria reinforced its focus in the business market by integrating the local Business Provider Silver Server, which enjoys a competitive position in the area of Vienna. The Austrian operation's continued healthy financial development is the direct result of a focused product portfolio and stringent cost control efforts across the company.

Fixed Broadband Data revenue growth increased slightly due to newly won contracts and higher usage of existing customers. Following the strategy of moving from volume to value in the residential segment, new retention offers based on value segmentation have been provided to broadband customers.

Fixed Telephony Cross- and upselling voice packages with additional binding prolongation remained the primary activity on voice packages during the quarter, offsetting the lower minutes of use and stabilizing the voice revenues.

OTHER ITEMS

Risks and uncertainty factors

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

COMPANY DISCLOSURE

Tele2 AB (publ) Annual General Meeting 2012

The 2012 Annual General Meeting will be held on May 7, at 1 p.m. CET at the Hotel Rival, Mariatorget 3 in Stockholm.

Shareholders who wish to participate in the Annual General Meeting shall have their names entered in the register of shareholders maintained by Euroclear Sweden AB on Monday 30 April 2012, and notify the company of their intention to participate by no later than 1.00 p.m. on Monday 30 April 2012. The notification can be made on the company's website, www.tele2.com, by telephone +46 (0) 771 246 400 or in writing to the company.

Other

Tele2 will release the financial and operating results for the period ending June 30, 2012 on July 19, 2012.

Stockholm, April 19, 2012

Tele2 AB

Mats Granryd
President and CEO

Review Report

This interim report have not been subject to specific review by the company's auditors.

TELEPHONE CONFERENCE

Tele2 will host a conference call, with an interactive presentation, for the global financial community at 10.45 am CET (09.45 am UK time/04.45 am NY time) on Thursday, April 19, 2012. The conference call will be held in English and also made available as an audiocast on Tele2's dedicated Q1 2012 website, reports.tele2.com/2012/Q1.

Dial-in information

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

Dial-in numbers

Sweden: +46 8 505 598 53

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TELE2 IS ONE OF EUROPE'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING THE BEST DEAL. We have 35 million customers in 11 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2011, we had net sales of SEK 41 billion and reported an operating profit (EBITDA) of SEK 11.2 billion.

Income statement

SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year
CONTINUING OPERATIONS				
Net sales		10,481	9,642	41,001
Operating expenses	2	-9,142	-8,103	-34,178
Other operating income	3	56	204	392
Other operating expenses		-12	-70	-165
Operating profit, EBIT		1,383	1,673	7,050
Interest income/costs		-178	-41	-483
Exchange rate differences, external		-13	-9	-24
Exchange rate differences, intragroup		53	17	13
Other financial items		-40	-41	-180
Profit after financial items, EBT		1,205	1,599	6,376
Tax on profit	4	-336	-373	-1,472
NET PROFIT FROM CONTINUING OPERATIONS		869	1,226	4,904
DISCONTINUED OPERATIONS				
Net loss from discontinued operations	9	-	-13	-7
NET PROFIT		869	1,213	4,897
ATTRIBUTABLE TO				
Equity holders of the parent company		869	1,213	4,897
Earnings per share (SEK)	8	1.96	2.73	11.03
Earnings per share, after dilution (SEK)	8	1.95	2.72	10.98
FROM CONTINUING OPERATIONS				
Earnings per share (SEK)	8	1.96	2.76	11.05
Earnings per share, after dilution (SEK)	8	1.95	2.75	11.00

Comprehensive income

SEK million	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year
Net profit	869	1,213	4,897
OTHER COMPREHENSIVE INCOME			
Components not to be reclassified to net profit:			
Withholding taxes on dividends	–	–	–153
Actuarial losses on defined benefit pension plans	–	–	–59
Actuarial losses on defined benefit pension plans, tax effect	–	–	15
Total components not to be reclassified to net profit	–	–	–197
Components to be reclassified to net profit:			
Exchange rate differences	47	–189	–163
Exchange rate differences, tax effect	–145	41	17
Reclassification to net profit of cumulative exchange rate differences from divested companies	–	1	11
Gain/loss on cash flow hedges	46	9	–133
Gain/loss on cash flow hedges, tax effect	–12	–2	35
Total components to be reclassified to net profit	–64	–140	–233
Other comprehensive income for the period, net of tax	–64	–140	–430
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	805	1,073	4,467
ATTRIBUTABLE TO			
Equity holders of the parent company	805	1,073	4,467

Change in shareholders' equity

SEK million	Note	Mar 31, 2012			Mar 31, 2011			Dec 31, 2011		
		Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity
		equity holders of the parent company	non- controlling interests		equity holders of the parent company	non- controlling interests		equity holders of the parent company	non- controlling interests	
Shareholders' equity, January 1		21,449	3	21,452	28,872	3	28,875	28,872	3	28,875
Effect of restatement	11	–	–	–	–	–	–	–	–	–
Adjusted shareholders' equity, January 1		21,449	3	21,452	28,872	3	28,875	28,872	3	28,875
Costs for stock options	8	10	–	10	7	–	7	44	–	44
New share issues		–	–	–	11	–	11	13	–	13
Sale of own shares	8	4	–	4	22	–	22	46	–	46
Repurchase of own shares		–	–	–	–	–	–	–2	–	–2
Dividends	8	–	–	–	–	–	–	–11,991	–	–11,991
Comprehensive income for the period		805	–	805	1,073	–	1,073	4,467	–	4,467
SHAREHOLDERS' EQUITY, END OF PERIOD		22,268	3	22,271	29,985	3	29,988	21,449	3	21,452

Balance sheet

SEK million	Note	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011	Dec 31, 2010 (see Note 11)
ASSETS					
NON-CURRENT ASSETS					
Goodwill	9	10,504	10,043	10,510	10,154
Other intangible assets	9, 6	5,108	3,304	5,131	3,223
Intangible assets		15,612	13,347	15,641	13,377
Tangible assets		18,684	17,434	18,422	17,442
Financial assets		122	94	163	73
Deferred tax assets	4	2,669	3,178	2,977	3,296
NON-CURRENT ASSETS		37,087	34,053	37,203	34,188
CURRENT ASSETS					
Materials and supplies		481	321	486	273
Current receivables		8,422	6,796	8,084	6,642
Short-term investments		59	143	65	112
Cash and cash equivalents	7	546	1,504	1,026	870
CURRENT ASSETS		9,508	8,764	9,661	7,897
ASSETS		46,595	42,817	46,864	42,085
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Attributable to equity holders of the parent company		22,268	29,985	21,449	28,872
Non-controlling interests		3	3	3	3
SHAREHOLDERS' EQUITY	8	22,271	29,988	21,452	28,875
LONG-TERM LIABILITIES					
Interest-bearing liabilities	10	7,822	1,277	12,968	1,908
Non-interest-bearing liabilities		1,148	927	1,114	851
LONG-TERM LIABILITIES		8,970	2,204	14,082	2,759
SHORT-TERM LIABILITIES					
Interest-bearing liabilities	10	5,524	2,532	1,696	2,516
Non-interest-bearing liabilities		9,830	8,093	9,634	7,935
SHORT-TERM LIABILITIES		15,354	10,625	11,330	10,451
EQUITY AND LIABILITIES		46,595	42,817	46,864	42,085

Cash flow statement

SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
OPERATING ACTIVITIES										
Cash flow from operations, excluding paid taxes		2,517	2,664	10,895	2,517	2,643	2,902	2,686	2,664	2,375
Taxes paid		-202	-225	-948	-202	-163	-235	-325	-225	-160
Changes in working capital		-419	-257	-257	-419	-52	59	-7	-257	-348
CASH FLOW FROM OPERATING ACTIVITIES		1,896	2,182	9,690	1,896	2,428	2,726	2,354	2,182	1,867
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX	6	-830	-1,016	-5,572	-830	-1,753	-1,142	-1,661	-1,016	-1,334
Cash flow after CAPEX		1,066	1,166	4,118	1,066	675	1,584	693	1,166	533
Acquisition of shares and participations	9	-224	-	-1,589	-224	-1,553	1	-37	-	-469
Sale of shares and participations	9	-	-	8	-	-7	36	-21	-	146
Other financial assets		26	3	18	26	-	14	1	3	-
Cash flow from investing activities		-1,028	-1,013	-7,135	-1,028	-3,313	-1,091	-1,718	-1,013	-1,657
CASH FLOW AFTER INVESTING ACTIVITIES		868	1,169	2,555	868	-885	1,635	636	1,169	210
FINANCING ACTIVITIES										
Change of loans, net		-1,351	-667	9,351	-1,351	-925	-796	11,739	-667	-1,229
Dividends	8	-	-	-11,991	-	-	-	-11,991	-	-
New share issues		-	11	13	-	2	-	-	11	-
Sale of own shares	8	4	22	46	4	4	-	20	22	141
Repurchase of own shares		-	-	-2	-	-2	-	-	-	-
Shareholders contribution from non-controlling interests		-	106	105	-	1	-	-2	106	100
Cash flow from financing activities		-1,347	-528	-2,478	-1,347	-920	-796	-234	-528	-988
NET CHANGE IN CASH AND CASH EQUIVALENTS		-479	641	77	-479	-1,805	839	402	641	-778
Cash and cash equivalents at beginning of period		1,026	870	870	1,026	2,812	1,978	1,504	870	1,564
Exchange rate differences in cash and cash equivalents		-1	-7	79	-1	19	-5	72	-7	84
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		546	1,504	1,026	546	1,026	2,812	1,978	1,504	870

For additional cash flow information please refer to Note 7.

Number of customers

by thousands	Note	Number of customers		Net intake								
		2012 Mar 31	2011 Mar 31	2012 Jan 1– Mar 31	2011 Jan 1– Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Sweden												
Mobile		3,703	3,615	-21	8	117	-21	-25	95	39	8	20
Fixed broadband		479	490	5	4	-12	5	2	-11	-7	4	18
Fixed telephony		510	623	-34	-28	-107	-34	-27	-26	-26	-28	-21
		4,692	4,728	-50	-16	-2	-50	-50	58	6	-16	17
Norway												
Mobile		1,082	505	16	8	3	16	-12	-1	8	8	10
Fixed telephony		89	100	-3	-3	-11	-3	-2	-3	-3	-3	-5
		1,171	605	13	5	-8	13	-14	-4	5	5	5
Russia												
Mobile	1	20,940	18,985	304	547	2,198	304	250	681	720	547	755
		20,940	18,985	304	547	2,198	304	250	681	720	547	755
Estonia												
Mobile		506	467	2	-1	22	2	1	1	21	-1	-4
Fixed telephony		6	10	-2	-1	-3	-2	-1	-1	-	-1	-
		512	477	-	-2	19	-	-	-	21	-2	-4
Lithuania												
Mobile		1,730	1,667	9	-18	36	9	-2	22	34	-18	1
Fixed telephony		2	2	-	-	-	-	-	-	-	-	-
		1,732	1,669	9	-18	36	9	-2	22	34	-18	1
Latvia												
Mobile		1,010	1,016	-9	-11	-8	-9	-31	14	20	-11	-25
		1,010	1,016	-9	-11	-8	-9	-31	14	20	-11	-25
Croatia												
Mobile	1	722	755	12	17	-28	12	-117	45	27	17	1
		722	755	12	17	-28	12	-117	45	27	17	1
Kazakhstan												
Mobile		1,703	308	332	-24	1,039	332	249	459	355	-24	114
		1,703	308	332	-24	1,039	332	249	459	355	-24	114
Netherlands												
Mobile		340	334	13	-4	-11	13	2	-5	-4	-4	-13
Fixed broadband		457	507	-18	-3	-35	-18	-12	-16	-4	-3	-3
Fixed telephony		169	221	-13	-12	-51	-13	-11	-15	-13	-12	-17
		966	1,062	-18	-19	-97	-18	-21	-36	-21	-19	-33
Germany												
Mobile		66	-	21	-	45	21	31	14	-	-	-
Fixed broadband		93	112	-7	-4	-16	-7	-5	-5	-2	-4	-5
Fixed telephony		808	1,126	-27	-56	-347	-27	-174	-16	-101	-56	-83
		967	1,238	-13	-60	-318	-13	-148	-7	-103	-60	-88
Austria												
Fixed broadband		132	129	-2	-1	-7	-2	-2	-2	-2	-1	-
Fixed telephony		212	266	-19	-19	-54	-19	-11	-14	-10	-19	-15
		344	395	-21	-20	-61	-21	-13	-16	-12	-20	-15
TOTAL												
Mobile		31,802	27,652	679	522	3,413	679	346	1,325	1,220	522	859
Fixed broadband		1,161	1,238	-22	-4	-70	-22	-17	-34	-15	-4	10
Fixed telephony		1,796	2,348	-98	-119	-573	-98	-226	-75	-153	-119	-141
TOTAL NET INTAKE		34,759	31,238	559	399	2,770	559	103	1,216	1,052	399	728
Acquired companies	9			14	-	577	14	577	-	-	-	75
Divested companies				-	-44	-44	-	-	-	-	-44	-
TOTAL NUMBER OF CUSTOMERS		34,759	31,238	573	355	3,303	573	680	1,216	1,052	355	803

Net sales

SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Sweden										
Mobile		2,378	2,287	9,533	2,378	2,442	2,434	2,370	2,287	2,300
Fixed broadband		365	382	1,530	365	376	377	395	382	390
Fixed telephony		304	379	1,408	304	323	342	364	379	423
Other operations		27	22	110	27	17	33	38	22	30
		3,074	3,070	12,581	3,074	3,158	3,186	3,167	3,070	3,143
Norway										
Mobile		1,060	597	2,981	1,060	1,128	639	617	597	666
Fixed broadband		1	2	6	1	1	2	1	2	2
Fixed telephony		83	92	365	83	90	91	92	92	94
Other operations		1	–	9	1	9	–	–	–	–
		1,145	691	3,361	1,145	1,228	732	710	691	762
Russia										
Mobile		3,048	2,598	11,463	3,048	2,988	3,015	2,862	2,598	2,646
		3,048	2,598	11,463	3,048	2,988	3,015	2,862	2,598	2,646
Estonia										
Mobile		196	188	834	196	219	220	207	188	217
Fixed telephony		2	1	5	2	1	1	2	1	2
Other operations		10	11	28	10	–	7	10	11	12
		208	200	867	208	220	228	219	200	231
Lithuania										
Mobile		291	283	1,261	291	337	336	305	283	322
Fixed broadband		–	2	2	–	–	–	–	2	6
		291	285	1,263	291	337	336	305	285	328
Latvia										
Mobile		240	262	1,103	240	274	291	276	262	303
		240	262	1,103	240	274	291	276	262	303
Croatia										
Mobile		267	277	1,301	267	319	382	323	277	335
		267	277	1,301	267	319	382	323	277	335
Kazakhstan										
Mobile		165	29	346	165	161	115	41	29	37
		165	29	346	165	161	115	41	29	37
Netherlands										
Mobile		185	215	844	185	215	201	213	215	210
Fixed broadband		813	848	3,388	813	841	851	848	848	908
Fixed telephony		180	220	823	180	192	197	214	220	239
Other operations		172	194	771	172	207	181	189	194	213
		1,350	1,477	5,826	1,350	1,455	1,430	1,464	1,477	1,570
Germany										
Mobile		36	–	26	36	21	5	–	–	–
Fixed broadband		56	66	254	56	61	63	64	66	71
Fixed telephony		162	213	802	162	190	198	201	213	255
Other operations		–	12	14	–	–	–1	3	12	20
		254	291	1,096	254	272	265	268	291	346
Austria										
Fixed broadband		227	210	842	227	213	210	209	210	219
Fixed telephony		63	78	294	63	70	72	74	78	83
Other operations		64	56	241	64	60	64	61	56	66
		354	344	1,377	354	343	346	344	344	368
Other										
Other operations		101	185	662	101	154	157	166	185	193
		101	185	662	101	154	157	166	185	193
TOTAL										
Mobile		7,866	6,736	29,692	7,866	8,104	7,638	7,214	6,736	7,036
Fixed broadband		1,462	1,510	6,022	1,462	1,492	1,503	1,517	1,510	1,596
Fixed telephony		794	983	3,697	794	866	901	947	983	1,096
Other operations		375	480	1,835	375	447	441	467	480	534
		10,497	9,709	41,246	10,497	10,909	10,483	10,145	9,709	10,262
Internal sales, elimination		–16	–67	–245	–16	–57	–54	–67	–67	–77
		10,481	9,642	41,001	10,481	10,852	10,429	10,078	9,642	10,185
One-off items		–	–	–	–	–	–	–	–	–6
TOTAL		10,481	9,642	41,001	10,481	10,852	10,429	10,078	9,642	10,179

Internal sales

SEK million	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Sweden									
Mobile	2	1	6	2	2	–	3	1	2
Other operations	1	–	–	1	–	–	–	–	1
	3	1	6	3	2	–	3	1	3
Norway									
Fixed telephony	10	9	42	10	12	11	10	9	6
	10	9	42	10	12	11	10	9	6
Estonia									
Other operations	–	11	28	–	–	7	10	11	12
	–	11	28	–	–	7	10	11	12
Lithuania									
Mobile	1	3	9	1	1	3	2	3	3
	1	3	9	1	1	3	2	3	3
Latvia									
Mobile	2	2	9	2	1	3	3	2	2
	2	2	9	2	1	3	3	2	2
Netherlands									
Other operations	–	1	3	–	–	–	2	1	–
	–	1	3	–	–	–	2	1	–
Other									
Other operations	–	40	148	–	41	30	37	40	51
	–	40	148	–	41	30	37	40	51
TOTAL									
Mobile	5	6	24	5	4	6	8	6	7
Fixed telephony	10	9	42	10	12	11	10	9	6
Other operations	1	52	179	1	41	37	49	52	64
TOTAL	16	67	245	16	57	54	67	67	77

EBITDA

SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Sweden										
Mobile	2	656	744	3,160	656	798	799	819	744	741
Fixed broadband	2	32	11	111	32	14	43	43	11	-2
Fixed telephony	2	76	83	348	76	89	80	96	83	98
Other operations		10	2	46	10	10	15	19	2	16
		774	840	3,665	774	911	937	977	840	853
Norway										
Mobile	2	15	21	-47	15	-67	-20	19	21	34
Fixed broadband		-	-	3	-	1	2	-	-	-
Fixed telephony		10	18	67	10	15	16	18	18	14
Other operations		-	-	-3	-	-3	-	-	-	-
		25	39	20	25	-54	-2	37	39	48
Russia										
Mobile		1,063	942	4,480	1,063	1,209	1,214	1,115	942	899
		1,063	942	4,480	1,063	1,209	1,214	1,115	942	899
Estonia										
Mobile		54	51	234	54	58	68	57	51	50
Other operations		3	-	-	3	-	-	-	-	1
		57	51	234	57	58	68	57	51	51
Lithuania										
Mobile		121	113	451	121	123	123	92	113	96
Fixed broadband		-	-	-	-	-	-	-	-	1
		121	113	451	121	123	123	92	113	97
Latvia										
Mobile		88	85	380	88	94	98	103	85	88
		88	85	380	88	94	98	103	85	88
Croatia										
Mobile		7	1	78	7	24	43	10	1	3
		7	1	78	7	24	43	10	1	3
Kazakhstan										
Mobile		-97	-71	-401	-97	-110	-101	-119	-71	-74
		-97	-71	-401	-97	-110	-101	-119	-71	-74
Netherlands										
Mobile	2	-	21	115	-	21	37	36	21	57
Fixed broadband	2	273	261	1,131	273	305	295	270	261	260
Fixed telephony	2	58	61	229	58	57	55	56	61	48
Other operations	2	78	73	331	78	118	78	62	73	68
		409	416	1,806	409	501	465	424	416	433
Germany										
Mobile		12	-	-10	12	9	-12	-7	-	-
Fixed broadband		8	13	45	8	13	12	7	13	-
Fixed telephony		72	71	317	72	82	86	78	71	107
Other operations		-1	-	-	-1	-	-	-	-	-2
		91	84	352	91	104	86	78	84	105
Austria										
Fixed broadband		48	47	185	48	54	43	41	47	44
Fixed telephony		32	32	129	32	33	33	31	32	36
Other operations		2	2	11	2	5	4	-	2	3
		82	81	325	82	92	80	72	81	83
Other										
Other operations		-49	-37	-178	-49	-79	-25	-37	-37	-20
		-49	-37	-178	-49	-79	-25	-37	-37	-20
TOTAL										
Mobile		1,919	1,907	8,440	1,919	2,159	2,249	2,125	1,907	1,894
Fixed broadband		361	332	1,475	361	387	395	361	332	303
Fixed telephony		248	265	1,090	248	276	270	279	265	303
Other operations		43	40	207	43	51	72	44	40	66
TOTAL		2,571	2,544	11,212	2,571	2,873	2,986	2,809	2,544	2,566

EBIT

SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Sweden										
Mobile	2	352	481	2,050	352	507	521	541	481	467
Fixed broadband	2	-43	-62	-239	-43	-90	-36	-51	-62	-79
Fixed telephony	2	66	72	301	66	78	67	84	72	86
Other operations		-	-7	8	-	1	4	10	-7	7
		375	484	2,120	375	496	556	584	484	481
Norway										
Mobile	2	-89	8	-147	-89	-127	-34	6	8	21
Fixed broadband		-	-	3	-	1	2	-	-	-
Fixed telephony		9	18	62	9	13	16	15	18	13
Other operations		-	-	-3	-	-3	-	-	-	-
		-80	26	-85	-80	-116	-16	21	26	34
Russia										
Mobile		831	730	3,584	831	966	994	894	730	688
		831	730	3,584	831	966	994	894	730	688
Estonia										
Mobile	2	23	36	166	23	40	49	41	36	32
Other operations		2	-	-	2	-	-	-	-	1
		25	36	166	25	40	49	41	36	33
Lithuania										
Mobile	2	78	92	366	78	101	102	71	92	74
		78	92	366	78	101	102	71	92	74
Latvia										
Mobile	2	32	65	286	32	62	77	82	65	67
		32	65	286	32	62	77	82	65	67
Croatia										
Mobile		-23	-27	-42	-23	-7	12	-20	-27	-25
		-23	-27	-42	-23	-7	12	-20	-27	-25
Kazakhstan										
Mobile	2	-177	-132	-720	-177	-239	-168	-181	-132	-114
		-177	-132	-720	-177	-239	-168	-181	-132	-114
Netherlands										
Mobile	2	-11	18	97	-11	15	32	32	18	51
Fixed broadband	2	149	133	630	149	180	170	147	133	101
Fixed telephony	2	53	48	173	53	41	41	43	48	29
Other operations	2	60	46	228	60	90	55	37	46	30
		251	245	1,128	251	326	298	259	245	211
Germany										
Mobile		8	-	-15	8	4	-12	-7	-	-
Fixed broadband		4	10	35	4	12	9	4	10	-4
Fixed telephony		69	60	282	69	78	76	68	60	97
Other operations		-1	-	-	-1	-	-	-	-	-2
		80	70	302	80	94	73	65	70	91
Austria										
Fixed broadband		23	26	106	23	35	25	20	26	19
Fixed telephony		23	22	93	23	25	23	23	22	27
Other operations		-3	-5	-14	-3	-1	-2	-6	-5	-4
		43	43	185	43	59	46	37	43	42
Other										
Other operations		-53	-58	-236	-53	-93	-26	-59	-58	-54
		-53	-58	-236	-53	-93	-26	-59	-58	-54
TOTAL										
Mobile		1,024	1,271	5,625	1,024	1,322	1,573	1,459	1,271	1,261
Fixed broadband		133	107	535	133	138	170	120	107	37
Fixed telephony		220	220	911	220	235	223	233	220	252
Other operations		5	-24	-17	5	-6	31	-18	-24	-22
		1,382	1,574	7,054	1,382	1,689	1,997	1,794	1,574	1,528
One-off items		1	99	-4	1	-26	-20	-57	99	-253
TOTAL		1,383	1,673	7,050	1,383	1,663	1,977	1,737	1,673	1,275

EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
EBITDA		2,571	2,544	11,212	2,571	2,873	2,986	2,809	2,544	2,566
Sale of operations		1	–38	–43	1	–1	–2	–2	–38	–
Acquisition costs	9	–	–2	–46	–	–25	–18	–1	–2	–
Sale of joint ventures		–	–	–	–	–	–	–	–	–247
Other one-off items	2, 3	–	139	85	–	–	–	–54	139	–6
Total one-off items		1	99	–4	1	–26	–20	–57	99	–253
Depreciation/amortization and other impairment		–1,188	–970	–4,159	–1,188	–1,184	–989	–1,016	–970	–1,037
Result from shares in associated companies		–1	–	1	–1	–	–	1	–	–1
EBIT		1,383	1,673	7,050	1,383	1,663	1,977	1,737	1,673	1,275

CAPEX

SEK million	Note	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Sweden										
Mobile		223	398	1,096	223	404	116	178	398	175
Fixed broadband		29	68	245	29	67	43	67	68	76
Fixed telephony		2	–	2	2	–	2	–	–	1
Other operations		6	12	24	6	7	6	–1	12	6
		260	478	1,367	260	478	167	244	478	258
Norway										
Mobile		99	35	282	99	139	41	67	35	107
Fixed telephony		2	2	6	2	2	1	1	2	1
		101	37	288	101	141	42	68	37	108
Russia										
Mobile		281	262	2,010	281	575	662	511	262	632
		281	262	2,010	281	575	662	511	262	632
Estonia										
Mobile		13	27	83	13	17	21	18	27	15
		13	27	83	13	17	21	18	27	15
Lithuania										
Mobile		16	20	114	16	39	31	24	20	32
Fixed broadband		–	–	–	–	–	–	–	–	1
		16	20	114	16	39	31	24	20	33
Latvia										
Mobile		18	30	91	18	20	20	21	30	35
		18	30	91	18	20	20	21	30	35
Croatia										
Mobile		5	31	102	5	19	24	28	31	64
		5	31	102	5	19	24	28	31	64
Kazakhstan										
Mobile	6	120	125	902	120	262	52	463	125	168
		120	125	902	120	262	52	463	125	168
Netherlands										
Mobile		2	2	9	2	4	2	1	2	3
Fixed broadband		82	89	360	82	92	90	89	89	94
Fixed telephony		2	10	41	2	13	9	9	10	14
Other operations		6	13	44	6	11	9	11	13	10
		92	114	454	92	120	110	110	114	121
Germany										
Mobile		9	–	38	9	9	20	9	–	–
Fixed broadband		–	–	1	–	–	–	1	–	2
Fixed telephony		1	–	–	1	–	–	–	–	1
		10	–	39	10	9	20	10	–	3
Austria										
Fixed broadband		7	6	37	7	18	8	5	6	12
Fixed telephony		3	5	21	3	8	5	3	5	7
Other operations		2	2	13	2	6	3	2	2	4
		12	13	71	12	32	16	10	13	23
Other										
Other operations		115	176	584	115	138	126	144	176	120
		115	176	584	115	138	126	144	176	120
TOTAL										
Mobile		786	930	4,727	786	1,488	989	1,320	930	1,231
Fixed broadband		118	163	643	118	177	141	162	163	185
Fixed telephony		10	17	70	10	23	17	13	17	24
Other operations		129	203	665	129	162	144	156	203	140
TOTAL		1,043	1,313	6,105	1,043	1,850	1,291	1,651	1,313	1,580

CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION								
	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011 Full year	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
CAPEX according to cash flow statement	830	1,016	5,572	830	1,753	1,142	1,661	1,016	1,334
This year's unpaid CAPEX and paid CAPEX from previous year	193	292	294	193	98	74	-170	292	257
Sales price in cash flow statement	20	5	239	20	-1	75	160	5	-11
CAPEX according to balance sheet	1,043	1,313	6,105	1,043	1,850	1,291	1,651	1,313	1,580

Key ratios

SEK million	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31	2011	2010	2009	2008
CONTINUING OPERATIONS						
Net sales	10,481	9,642	41,001	40,585	39,836	38,630
Number of customers (by thousands)	34,759	31,238	34,186	30,883	26,579	24,018
EBITDA	2,571	2,544	11,212	10,643	9,621	8,452
EBIT	1,383	1,673	7,050	7,022	5,781	3,026
EBT	1,205	1,599	6,376	6,639	5,236	1,893
Net profit	869	1,226	4,904	6,481	4,755	1,758
Key ratios						
EBITDA margin, %	24.5	26.4	27.3	26.6	24.2	21.8
EBIT margin, %	13.2	17.4	17.2	17.3	14.5	7.8
Value per share (SEK)						
Earnings	1.96	2.76	11.05	14.69	10.72	3.91
Earnings after dilution	1.95	2.75	11.00	14.63	10.70	3.91
TOTAL						
Shareholders' equity	22,271	29,988	21,452	28,875	28,823	28,405
Shareholders' equity after dilution	22,272	29,996	21,455	28,894	28,823	28,415
Total assets	46,595	42,817	46,864	42,085	43,005	49,697
Cash flow from operating activities	1,896	2,182	9,690	9,966	9,427	8,088
Cash flow after CAPEX	1,066	1,166	4,118	6,008	4,635	3,037
Available liquidity	15,656	16,847	9,986	13,254	12,520	17,248
Net debt	12,714	2,152	13,518	3,417	4,013	7,012
Investments in intangible and tangible assets, CAPEX	1,043	1,313	6,105	4,095	4,891	5,066
Investments in shares, short-term investments etc	198	-3	1,563	1,424	-3,709	-2,342
Key ratios						
Equity/assets ratio, %	48	70	46	69	67	57
Debt/equity ratio, multiple	0.57	0.07	0.63	0.12	0.14	0.25
Return on shareholders' equity, %	15.9	16.5	19.5	24.0	16.4	8.9
Return on shareholders' equity after dilution, %	15.9	16.5	19.5	24.0	16.4	8.9
Return on capital employed, %	15.5	20.0	20.4	22.2	16.7	12.8
Average interest rate, %	5.7	5.9	6.2	7.3	5.9	6.2
Value per share (SEK)						
Earnings	1.96	2.73	11.03	15.70	10.61	5.53
Earnings after dilution	1.95	2.72	10.98	15.64	10.59	5.53
Shareholders' equity	50.13	67.62	48.33	65.44	65.31	63.93
Shareholders' equity after dilution	49.87	67.36	48.09	65.23	65.18	63.90
Cash flow from operating activities	4.27	4.92	21.83	22.59	21.41	18.23
Dividend, ordinary			6.501)	6.00	3.85	3.50
Extraordinary dividend			6.501)	21.00	2.00	1.50
Market price at closing day	135.00	145.80	133.90	139.60	110.20	69.00

1) Proposed dividend

Parent company

INCOME STATEMENT

SEK million	2012 Jan 1–Mar 31	2011 Jan 1–Mar 31
Net sales	11	12
Administrative expenses	-25	-30
Operating loss, EBIT	-14	-18
Exchange rate difference on financial items	25	3
Net interest expenses and other financial items	15	12
Profit/loss after financial items, EBT	26	-3
Tax on profit/loss	-7	-
NET PROFIT/LOSS	19	-3

BALANCE SHEET

SEK million	Note	Mar 31, 2012	Dec 31, 2011
ASSETS			
FIXED ASSETS			
Financial assets		35,485	33,908
FIXED ASSETS		35,485	33,908
CURRENT ASSETS			
Current receivables		25	4,512
Cash and cash equivalents		7	3
CURRENT ASSETS		32	4,515
ASSETS		35,517	38,423
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity	8	17,546	17,546
Unrestricted equity	8	12,485	12,428
SHAREHOLDERS' EQUITY		30,031	29,974
LONG-TERM LIABILITIES			
Interest-bearing liabilities	10	1,525	8,221
LONG-TERM LIABILITIES		1,525	8,221
SHORT-TERM LIABILITIES			
Interest-bearing liabilities	10	3,904	172
Non-interest-bearing liabilities		57	56
SHORT-TERM LIABILITIES		3,961	228
EQUITY AND LIABILITIES		35,517	38,423

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

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

New and amended IFRS standards and IFRIC interpretations

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

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

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

In all other respects, Tele2 has presented its interim report in accordance with the accounting principles and calculation methods used in the 2011 Annual Report. Description of these principles and definitions are found in the 2011 Annual Report.

NOTE 1 CUSTOMERS

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

NOTE 2 OPERATING EXPENSES

During 2012 and 2013, the Baltic countries will upgrade/replace their existing networks. As a result of the upgrade/replacement, to reflect the shorter remaining useful life of related equipment, accelerated depreciations are reported from Q1 2012 of SEK 13 (Estonia), 22 (Lithuania) and 34 (Latvia) million.

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

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

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

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

In Q2 2011, Netherlands was negatively affected by SEK 48 million due to restructuring costs related to the acquisition of BBned in 2010.

NOTE 3 OTHER OPERATING INCOME

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

NOTE 4 TAXES

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

In Q1 2011, net taxes were positively affected by a revaluation of the deferred tax assets in Netherlands of SEK 62 million, and negatively affected by SEK 35 million as a result of a reassessment of the deferred tax liability in Estonia.

NOTE 5 CONTINGENT LIABILITIES

SEK million	Mar 31, 2012	Dec 31, 2011
Disputes	380	263
Total contingent liabilities	380	263

Network Norway is the defendant in a dispute before the District Court of Asker and Bærum regarding alleged exclusivity undertakings in its national roaming agreement with Telenor Mobil, where Telenor Mobil claims that Network Norway is in breach of this alleged undertaking since Tele2 Norway has a national roaming agreement with TeliaSonera Norge. Network Norway has disputed Telenor Mobil's claim in its entirety and based on current information, our assessment is that it is more likely than not that Network Norway will win. At March 31, 2012 the disputed amount was SEK 128 million. No dates have yet been set and we estimate that the District Court will give its ruling in H1 2013.

Tele2 is the defendant in an arbitration regarding a dispute relating to a Share Option Agreement and related issues where the claimant has put forward claims of SEK 252 million. We estimate that the arbitration award will be announced during the Q2 2012. Based on current information, our assessment is that it is more likely than not that we will win.

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

NOTE 6 CAPEX

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

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

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

SEK million	2012 Mar 31	2011 Dec 31	2011 Sep 30	2011 Jun 30	2011 Mar 31	2010 Dec 31
Cash and cash equivalents at end of the period in joint ventures	31	50	26	58	61	36

Apart from transactions with joint ventures, no other significant related party transactions were carried out during 2012. Related parties are presented in Note 38 of the 2011 Annual Report.

NOTE 8 SHARES AND INCENTIVE PROGRAMS (LTI)

	Mar 31, 2012	Dec 31, 2011
Number of shares		
–outstanding, basic	444,186,959	444,149,959
–in own custody	4,596,380	4,633,380
–weighted average	444,170,103	443,851,976
–after dilution	446,472,049	446,492,847
–after dilution, weighted average	446,492,929	446,136,419

DIVIDEND

Tele2's Board of Directors intends to propose an increase of the ordinary dividend with 8 percent to SEK 6.50 per share in respect of the financial year 2011 at the Annual General Meeting in 2012 and an extraordinary dividend of SEK 6.50 per share.

In Q2 2011, Tele2 paid to its shareholders a dividend of SEK 27 (5.85) per share for 2010, of which the ordinary dividend amounted to SEK 6.00 (3.85) per share and the extraordinary dividend amounted to SEK 21.00 (2.00) per share. This corresponded to a total of SEK 11,991 (2,580) million, of which an ordinary dividend of SEK 2,665 (1,698) million and an extraordinary dividend SEK 9,326 (882) million.

SALE OF SHARES

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

RECLASSIFICATION

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

INCENTIVE PROGRAM (LTI)

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

LTI 2011

	2012 Jan 1–Mar 31	Cumulative from start
Number of share rights		
Allocated June 17, 2011		1,053,936
Outstanding as of January 1, 2012	992,936	
Forfeited	–17,976	–78,976
Total outstanding share rights	974,960	974,960

LTI 2010

	2012 Jan 1–Mar 31	Cumulative from start
Number of share rights		
Allocated June 9, 2010		873,120
Outstanding as of January 1, 2012	858,057	
Allocated, compensation for dividend	–	123,089
Forfeited	–17,100	–155,252
Total outstanding share rights	840,957	840,957

LTI 2009

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

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

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

LTI 2007

	2012 Jan 1–Mar 31	Cumulative from start
Number of options		
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2012	59,000	
Forfeited	–	–1,023,000
Exercised	–37,000	–2,507,000
Total outstanding stock options	22,000	22,000

Weighted average share price for stock options at date of exercise amounted to SEK 132.25 (149.19) during 2012.

Stock options in LTI 2007 can be exercised until August 2012. The exercise price is SEK 116.60.

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

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2012 Jan 1–Mar 31
Acquisitions	
Televõrgu, Estonia	–222
Group companies	–222
Capital contribution to associated companies	–2
Associated companies and other securities	–2
Total net of acquisitions and dividend	–224
Divestments	
Officer, Norway	1
Settlements of previous years' divestments	–1
Total divestments	–
TOTAL CASH FLOW EFFECT, NET	–224

ACQUISITIONS

Televõrgu, Estonia

On February 17, 2012 Tele2 acquired 100 percent of the Estonian telecommunication service provider Televõrgu AS for SEK 222 million.

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

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

Televõrgu has affected net sales of SEK 13 million and EBITDA of SEK 4 million. Total acquisition costs of SEK 1 million have been reported in the income statement.

CONT. NOTE 9

Net assets at the time of acquisition

Fair value of assets, liabilities and contingent liabilities included in the operations acquired before March 31, 2012, are stated below:

SEK million	Tele2 AB, Estonia
Customer agreements	20
Beneficial and renting rights	78
Tangible assets	63
Material and supplies	1
Current receivables	18
Cash and cash equivalents	3
Deferred tax liabilities	-17
Short-term liabilities	-35
Acquired net assets	131
Goodwill	65
Purchase price shares	196
Payment for debt in acquired companies	26
Purchase price adjustment, not yet received	1
	223
Exchange rate differences	2
Less: cash in acquired companies	-3
NET EFFECT ON GROUP CASH ASSETS	222

The information above and the pro forma below are to be viewed as preliminary.

DIVESTMENTS

Officer, Norway

In Q1 2012, stores in Officer, Norway, were divested for SEK 1 million.

Other divestments

Other cash flow changes include settlements of price adjustments in the amount of SEK -1 million for divestments which have not been classified as discontinued operations.

PRO FORMA

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

SEK million	Jan 1–Mar 31 2012		
	Tele2 group ¹⁾	Acquired operations Tele2 AB, Estonia	Tele2 group, pro forma
Net sales	10,481	19	10,500
EBITDA	2,571	8	2,579
Net profit	869	-20	849

1) Continuing operation

DISCONTINUED OPERATIONS

Discontinued operations include settlements of sales costs and price adjustments for discontinued operations sold during the past years.

SEK million	Discontinued operation						
	2012 Q1	2011 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Income statement							
Net sales	-	-	-	-	-	-	-
Profit/loss before tax	-	-7	-	1	5	-13	410
Taxes	-	-	-	-	-	-	-6
Net profit/loss	-	-7	-	1	5	-13	404
Cash flow statement							
Operating activities	-	-	-	-	-	-	-
Investing activities	-	3	-	39	-16	-20	418
Change in cash and cash equivalents	-	3	-	39	-16	-20	418

NOTE 10 FINANCING

Tele2 announced on April 16, 2012 that Tele2 AB established a Euro Medium-Term Note Programme (bonds) registered on the Luxembourg Stock Exchange for Notes. The programme will form the basis for Tele2's future medium and long term debt issuance in both international and domestic markets. The programme enables Tele2 to issue bonds and notes up to a total aggregate amount of EUR 3 billion.

In Q1, 2012, Tele2 AB carried out a first issue under a recently established Swedish commercial paper program. The program enables Tele2 to issue commercial papers up to a total amount of SEK 3 billion. Commercial papers can be issued with tenors up to 12 months under the program. The commercial paper program is a complement to Tele2's core funding. The reported value of the commercial paper amounted at March 31, 2012 to SEK 1.9 billion.

In Q1, 2012, Tele2 AB issued a NOK 1.3 billion bond in the Norwegian bond market. The amount is split between a 3 year bond of NOK 300 million priced at NIBOR +1.70 percent and a 5 year bond of NOK 1 billion priced at NIBOR +2.35 percent. The reported value of the bond amounted at March 31, 2012 to SEK 1.5 billion.

In Q1, 2012 (Q2, 2011), Tele2 Russia issued a 7 (13) billion rouble bond with 2 (3) tranches. The bond has a final maturity of 10 (10) years and a put option providing for an effective tenor of 2 (5) years. The coupon rate for the period is 8.90 (8.40) percent per annum with semi-annual coupon payments. The reported value of the bonds amounted at March 31, 2012 (June 30, 2011) to SEK 4.5 (2.9) billion. Tele2 announced on April 16, 2012 that Tele2 Russia issued a 6 billion rouble bond (1 tranche). The bond has a final maturity of 10 years and a put option providing for an effective tenor of 3 years. The coupon rate is 9.10 percent per annum with semi-annual coupon payments.

NOTE 11 CHANGED ACCOUNTING PRINCIPLE FOR JOINT VENTURES

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

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

Tele2 reviewed in 2011 its joint ventures, and the major part of these was classified as joint operations according to IFRS 11. As a consequence, Tele2 changed accounting principle already from January 1, 2012, within the current IAS 31 *Interests in Joint Ventures*, from the equity method to proportionate consolidation for joint ventures. The decision was additionally based on the fact that Tele2 Sweden is building its 3G and 4G networks in joint ventures and that proportionate consolidation was expected to give a more true and fair view. The change of accounting principle increased the net sales, EBITDA, assets and liabilities of the group and had a minor effect on operating profit and net cash flows. The change had no effect on net profit or shareholders' equity.

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

Income statement

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

Balance sheet

SEK million	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010
ASSETS					
FIXED ASSETS					
Goodwill	-	147	147	142	144
Other intangible assets	450	264	265	265	32
Intangible assets	450	411	412	407	176
Tangible assets	2,189	2,550	2,518	2,384	2,312
Financial assets	-2,529	-2,516	-1,403	-1,126	-1,068
Deferred tax assets	91	91	91	92	96
FIXED ASSETS	201	536	1,618	1,757	1,516
CURRENT ASSETS					
Current receivables	104	134	134	155	164
Cash and cash equivalents	50	26	58	61	36
CURRENT ASSETS	154	160	192	216	200
ASSETS	355	696	1,810	1,973	1,716
EQUITY AND LIABILITIES					
LONG-TERM LIABILITIES					
Interest-bearing liabilities	-	332	287	247	216
LONG-TERM LIABILITIES	-	332	287	247	216
SHORT-TERM LIABILITIES					
Interest-bearing liabilities	-	-	1,171	1,187	1,260
Non-interest-bearing liabilities	355	364	352	539	240
SHORT-TERM LIABILITIES	355	364	1,523	1,726	1,500
EQUITY AND LIABILITIES	355	696	1,810	1,973	1,716

Cash flow statement

SEK million	2011 Full year	2010 Full year	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
OPERATING ACTIVITIES							
Cash flow from operations, less paid taxes	285	314	59	69	82	75	64
Changes in working capital	157	42	54	-18	68	53	26
CASH FLOW FROM OPERATING ACTIVITIES	442	356	113	51	150	128	90
INVESTING ACTIVITIES							
Capital expenditure in intangible and tangible assets, CAPEX	-905	-355	-353	-69	-400	-83	-171
Cash flow after CAPEX	-463	1	-240	-18	-250	45	-81
Acquisition of shares and participations	-372	118	-12	-375	-	15	-
Changes of long-term receivables from joint ventures	1,999	200	276	1,487	234	2	200
Cash flow from investing activities	722	-37	-89	1,043	-166	-66	29
CASH FLOW AFTER INVESTING ACTIVITIES	1,164	319	24	1,094	-16	62	119
FINANCING ACTIVITIES							
Change of loans, net	-1,150	-393	-	-1,126	13	-37	-134
Cash flow from financing activities	-1,150	-393	-	-1,126	13	-37	-134
NET CHANGE IN CASH AND CASH EQUIVALENTS	14	-74	24	-32	-3	25	-15
Cash and cash equivalents at beginning of period	36	110	26	58	61	36	51
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	50	36	50	26	58	61	36

CONT. NOTE 11

Net sales

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

Internal sales

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

EBITDA

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

EBIT

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

SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT

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

CAPEX

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

ADDITIONAL CASH FLOW INFORMATION

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

KEY RATIOS

SEK million	2011	2010	2009	2008
Net sales	251	421	400	300
EBITDA	360	359	227	225
EBIT	82	-66	45	120
EBT	7	-96	-	-
Total assets	355	1,716	2,268	2,360
Cash flow from operating activities	442	356	309	192
Cash flow after CAPEX	-463	1	-143	-251
Available liquidity	50	440	110	35
Net debt	2,149	1,726	1,842	2,060
Investments in intangible and tangible assets, CAPEX	1,012	444	452	443
Investments in shares, short-term investments etc	-1,627	-318	-352	-87

Key ratios

EBITDA margin, %	0.7	0.6	-0.4	0.4
EBIT margin, %	0.1	-0.3	-	0.2
Equity/assets ratio, %	-	-3	-4	-3
Debt/equity ratio, multiple	0.10	0.06	0.06	0.08
Return on capital employed, %	-0.4	-1.4	-0.9	-0.1
Average interest rate, %	-0.5	-2.7	-1.1	-

Value per share (SEK)

Cash flow from operating activities	0.99	0.81	0.70	0.43
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**NOTE 12 CHANGED ACCOUNTING PRINCIPLE FOR
INTERNAL SALE**

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

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

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