

Interim Report January–March 2011

Q1 2011 Highlights

Net sales growth less exchange rate fluctuations amounted to 7 percent for the group

- Net sales amounted to SEK 9,573 (9,527) million corresponding to a growth less exchange rate fluctuations of 7 percent in the quarter. EBITDA in Q1 2011 amounted to SEK 2,457 (2,358) million, equivalent to an EBITDA margin of 26 (25) percent. EBITDA growth less exchange rate fluctuations amounted to 11 percent.

Robust EBITDA contribution in market area Russia

- In Q1 2011, Tele2 Russia added 547,000 (949,000) customers in an increasingly competitive market. EBITDA amounted to SEK 942 (719) million, equivalent to an EBITDA margin of 36 (32) percent.

Accelerating mobile revenue growth in market area Nordic

- Mobile revenue in Sweden grew by 17 percent, as customer demand for smart-phones and data services continued to increase during the quarter. Mobile customer intake in Norway was good, amounting to 8,000 (4,000).

Kazakhstan prepared for launch in market area Central Europe & Eurasia

- During the quarter, Tele2 in Kazakhstan prepared for commercial launch through intensified efforts for improving network quality and distribution capabilities.

	Q1		
SEK million	2011	2010	%
Net Sales	9,573	9,527	0
Net Sales excluding one-off items	9,573	9,527	0
EBITDA	2,457	2,358	4
EBIT	1,659	1,546	7
EBIT excluding one-off items	1,560	1,549	1
Net Profit	1,226	1,249	-2
Earnings per share, after dilution (SEK)	2.75	2.82	-2

The figures presented in this report refer to Q1 2011 and continued operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2010.

Net sales Q1 2011
excl. one-off items

9,573
SEK million

EBITDA Q1 2011

2,457
SEK million

TELE2

Offering the Best Deal is our business

The first three months of 2011 have continued to show strong revenue growth in our main markets. During the quarter, we focused on executing against our set performance targets, and I am glad to announce that our results are in line with the company's financial guidance. In order to generate enduring revenue growth, the area of cost efficiency is primarily targeted at. Price leadership, a central pillar of offering the Best Deal, requires us to be cost leaders. We unceasingly measure our progress by benchmarking ourselves against our industry peers. It is of great importance that we continue to prove that Tele2 is the master of cost efficiency in our industry.

In Russia, we continue to expand our operations by increasing market share in existing regions and pursuing 2G licence opportunities in new regions. Ever since Tele2 entered the Russian market, we have contributed to a more competitive telecommunications market, offering better terms and more affordable services to customers. We will continue to develop and expand our business and services. From a regulatory perspective, this means that Tele2 wants to participate in the reassignment of unused 2G licences and the distribution and allocation of next generation data licences. We are also very supportive of technology neutral licences, which would enable a more efficient use of spectrum and foster a more competitive environment. Mobile sales kept growing and a greater focus on mobile services on own infrastructure has further improved Tele2's EBITDA margin. The demand for smartphones increased dramatically during the quarter as pricing points improved further. The interest in mobile tablets is also starting to increase, creating a new dimension to the smartphone phenomenon. We are heading into a new era where mobile data will become an even more integral part of our business. It is an exciting time with new opportunities that we need to embrace; we will ensure our continued ability to offer the Best Deal in a more data centric world.

The business segment is another focus area for 2011. We have successfully expanded our business-to-business operations, particularly in Netherlands where we acquired BBned in 2010. Furthermore, we have improved our capabilities in Sweden, where we are now even better equipped to gain market share. In Russia, The Baltic region and Croatia, we believe that we can do more to address the business segment through the Best Deal concept. Several initiatives will be taken in 2011 to make sure that we grow our presence in these markets, with initial focus on the small and medium size enterprises.

Another key growth initiative for 2011 is the expansion of our operations in Kazakhstan, where we are well-positioned to leverage our operating and investing experience from Russia. Our network is soon ready for a commercial launch. We will open up our services under the Tele2 brand during the first half of 2011.

Tele2 is performing well. The key success factor that drives our company steadily forward is our unique corporate culture born of the people that live and maintain it. Tele2 has always been and always will be a fast-moving challenger. It is vital for our future achievements that we keep this mindset.

Going forward our strategy is simple – Tele2 always offers the Best Deal.

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 a greater focus on mobile services on own infrastructure has further improved Tele2's EBITDA margin. The company will concentrate on maximizing the return from fixed-line operations as their customer base continues to decline.

Net customer intake amounted to 399,000 (811,000) in Q1 2011. The customer intake in mobile services amounted to 522,000 (972,000), of which 14,000 (33,000) were mobile broadband users. This was mainly driven by a robust performance in Tele2 Russia. During the period, Tele2 Russia's customer base grew by 547,000 (949,000) customers. Fixed broadband customer base lost -4,000 (9,000) customers in Q1 2011, primarily attributable to Tele2's operations in Netherlands and in Germany. As expected, the number of fixed telephony customers fell in Q1 2011. On March 31, 2011 the total customer base amounted to 31,238,000 (27,655,000) thanks to a prolonged success in mobile services.

Net sales amounted to SEK 9,573 (9,527) million corresponding to a growth less exchange rate fluctuations of 7 percent. The revenue development was mainly a result of sustained success in mobile services, offset to some extent by negative sales development in fixed telephony.

EBITDA in Q1 2011 amounted to SEK 2,457 (2,358) million, equivalent to an EBITDA margin of 26 (25) percent. EBITDA growth less exchange rate fluctuations amounted to 11 percent. The EBITDA development was positively affected by Tele2's mobile operations.

EBIT in Q1 2011 amounted to SEK 1,560 (1,549) million excluding one-off items¹. Including one-off items, EBIT amounted to SEK 1,659 (1,546) million.

Profit before tax in Q1 2011 amounted to SEK 1,597 (1,588) million.

Net profit amounted to SEK 1,226 (1,249) million in the quarter. Reported tax for Q1 2011 amounted to SEK -371 (-339) million. Tax payment affecting cash flow amounted to SEK -225 (-233) million.

Cash flow after Capex in Q1 2011 amounted to SEK 1,121 (1,683) million.

CAPEX in Q1 2011 amounted to SEK 939 (582) million.

Net debt amounted to SEK 491 (3,203) million on March 31, 2011, or 0.05 times full-year 2010 EBITDA. Including guarantees to joint ventures, the net debt to full-year 2010 EBITDA amounted to 0.22 times. Tele2's available liquidity amounted to SEK 16,422 (13,188) million.

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 company 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 return at least 20 percent return on capital employed (ROCE).

Tele2 group forward looking statement

The following assumptions should be taken into account when estimating 2011 results for the group:

- Tele2 forecasts a corporate tax rate in the range of 26–27 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 1,000 million.
- Tele2 forecasts a capex level that will not exceed SEK 5,500 million, excluding licence payments.

Tele2 Sweden forward looking statement

The following assumptions should be taken into account when estimating results for the Swedish mobile operations in 2011:

- Tele2 expects mobile revenue to grow with high single digits.
- Tele2 expects a similar EBITDA contribution in 2011 as in 2010 due to instalments and start up costs related to joint venture Net4Mobility.

Tele2 Norway forward looking statement

The following assumptions should be taken into account when estimating results for the Norwegian mobile operations in 2011:

- Tele2 expects an EBITDA contribution of SEK -100 million due to lower interconnect tariffs and start up costs related to joint venture Mobile Norway.

Tele2 Russia forward looking statement

Tele2 has GSM licences in 37 regions in Russia covering approximately 61 million inhabitants. The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia in 2011:

- Subscriber base should reach 20–21 million by YE 2011.
- ARPU should remain stable in local currency.
- Tele2 Russia's total EBITDA margin should evolve in the range of 36–39 percent.
- Capex in Russia should be approximately SEK 2,000 million by YE 2011.

Tele2 in Kazakhstan forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Kazakhstan in 2011:

- Tele2 expects and EBITDA contribution in 2011 of approximately SEK -500 million.
- Capex in Kazakhstan should be in the range of SEK 1,200–1,400 million by YE 2011.
- Tele2's operations in Kazakhstan should be able to reach break-even within two years from the commercial launch, which is planned to take place in 1H 2011.

¹ See section EBIT on page 20

Tele2 Croatia forward looking statement

The following assumptions should be taken into account when estimating the Croatian mobile operations in 2011:

- Tele2 Croatia will reach free cash-flow break-even by 2H 2011.

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 2010, the Board of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) in May 2011 a total dividend payment of SEK 27.00 (5.85) per ordinary A or B share, to be comprised of an ordinary dividend of SEK 6.00 (3.85) and an extraordinary dividend of SEK 21.00 (2.00)

Balance sheet

Tele2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The company'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.

SEK million	Q1 2011	Q1 2010	FY 2010
Mobile¹⁾			
Net customer intake (thousands)	522	972	4,443
Net sales	6,658	6,183	26,985
EBITDA	1,820	1,689	7,532
EBIT	1,257	1,260	5,451
CAPEX	556	247	2,223
Fixed broadband¹⁾			
Net customer intake (thousands)	-4	9	32
Net sales	1,510	1,563	6,120
EBITDA	332	278	1,131
EBIT	107	12	99
CAPEX	163	154	722
Fixed telephony¹⁾			
Net customer intake (thousands)	-119	-170	-543
Net sales	974	1,314	4,741
EBITDA	265	372	1,400
EBIT	220	319	1,196
CAPEX	17	25	94
Total			
Net customer intake (thousands)	399	811	3,932
Net sales ²⁾	9,573	9,527	40,164
EBITDA	2,457	2,358	10,284
EBIT ³⁾	1,659	1,546	7,088
CAPEX	939	582	3,651
EBT	1,597	1,588	6,735
Net profit	1,226	1,249	6,481
Cash flow from operating activities	2,054	2,291	9,610
Cash flow after CAPEX	1,121	1,683	6,007

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

2) Including one-off items (see Note 1)

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

SIGNIFICANT EVENTS IN THE QUARTER

- The Administrative Court of Appeal approved Tele2's claim for a deduction of a capital loss of SEK 1.3 billion.
- Tele2 entered into a 2-year revolving credit facility agreement of SEK 2.5 billion with a syndicate of five banks.
- Tele2 Sweden was awarded a mobile licence of 2x10 MHz in the 800 MHz frequency band through the network company Net4Mobility.
- Tele2 Lithuania finalized the divestment of its cable TV operation. (Note 9).
- Günther Vogelpoel was appointed new Market Area Director Western Europe and CEO of Tele2 Netherlands, succeeding Henrik Ringmar.
- Niclas Palmstierna, Market Area Director Nordic and CEO Tele2 Sweden, will be leaving the company 1 May, 2011.

Significant subsequent events

- Joachim Horn was appointed Chief Technology and Information Officer at Tele2 AB.

Overview by region

EXTERNAL SALES LESS EXCHANGE RATE FLUCTUATIONS

External sales, total

	2011 Q1	2010 Q1*	Growth
Sweden	3,023	2,780	9%
Norway	659	712	-7%
Russia	2,598	2,041	27%
Estonia	189	195	-3%
Lithuania	282	287	-2%
Latvia	260	301	-13%
Croatia	277	259	7%
Kazakhstan	29	-	N/A
Netherlands	1,476	1,341	10%
Germany	291	385	-24%
Austria	344	380	-9%
Other	145	226	-36%
External sales less exchange rate fluctuations	9,573	8,907	7%
FX effects		620	-7%
Total	9,573	9,527	0%

* Adjusted for fluctuations in exchange rates

EBITDA LESS EXCHANGE RATE FLUCTUATIONS

EBITDA, total

	2011 Q1	2010 Q1*	Growth
Sweden	765	790	-3%
Norway	27	53	-50%
Russia	942	661	43%
Estonia	51	50	2%
Lithuania	113	101	12%
Latvia	85	98	-13%
Croatia	1	-36	103%
Kazakhstan	-71	-	N/A
Netherlands	416	387	7%
Germany	84	77	9%
Austria	81	76	7%
Other	-37	-50	26%
EBITDA less exchange rate fluctuations	2,457	2,207	11%
FX effects		151	-7%
Total	2,457	2,358	4%

* 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: Mobile Tele2 Sweden delivered a strong revenue growth in the first quarter 2011 with net sales increasing by 17 percent to SEK 2,237 (1,919) million. The underlying service revenue growth was approximately 7 percent. Tele2 Sweden continued to experience a good uptake in the mobile postpaid segment, mainly due to smartphones and increased data usage, and added 45,000 (29,000) mobile voice and mobile broadband customers during the quarter. Tele2 Sweden achieved a total mobile net intake of 8,000 (15,000) customers, affected by seasonal churn in the prepaid segment during the quarter.

The smartphone trend in the Swedish market persisted as almost 9 out of 10 handsets in the Tele2 web shops and stores were smartphones. The iPhone 4 was the top-selling model for the ninth consecutive month. In the end of 2010, inexpensive smartphones were introduced to the market; as a result, these smartphones were chosen by Tele2's customers in both the postpaid and prepaid segments.

Tele2 Sweden added 10,000 (15,000) mobile broadband customers in the postpaid segment during the quarter. In total, Tele2 Sweden added 8,000 (25,000) mobile broadband customers due to seasonal high churn in the prepaid base. Consequently, Tele2 Sweden reached a mobile broadband customer base of 369,000 (299,000). Mobile broadband ARPU amounted to 135 (135) SEK.

Tele2 Sweden had an EBITDA margin of 30 (35) percent in the quarter. The decrease is mainly attributable to higher expansion costs related to the acquisition of postpaid customers and customer operation costs. The EBITDA margin includes costs associated with the SUNAB and Net4Mobility joint venture. Total costs for SUNAB and Net4Mobility amounted to SEK - 150 (-120) million in Q1 2011. In the

prepaid voice segment, Tele2 Sweden defended its market-leading position and delivered an EBITDA margin of 45 (46) percent.

MoU for the mobile operations in Sweden increased to 247 (241) and a stable blended ARPU of SEK 179 (179) was reported in the quarter. MoU were 293 (290) in the postpaid segment and ARPU decreased to SEK 227 (231).

Tele2 Sweden continued the roll-out of the combined 2G and 4G network in the joint venture Net4Mobility. Three more cities were added to the list of what will become a network with the best coverage in Sweden. Furthermore, through Net4Mobility, Tele2 acquired a licence in the 800 MHz frequency allowing the company to build a 2G/4G network throughout Sweden in a cost efficient way.

In the business segment, the continued focus on integrated services led to the acquisition of a number of customers for whom the product Communication as a service was particularly important. The customer segmentation within the business segment generated an increased net sales and ARPU development during the quarter, while the customer base continued to grow as the domestic economy strengthened.

Fixed broadband: In Q1 2011, Tele2 Sweden experienced strong ADSL, VoIP, LAN and Citylink sales, resulting in an increased customer intake of 4,000 (12,000). In the first quarter of 2011, Tele2 Sweden launched IP-TV to all LAN households, as a first step.

Fixed telephony: As a result of a continued decrease in demand for fixed telephony services, Tele2 Sweden decreased its EBITDA margin to 22 (23) percent during the first quarter.

Norway

Mobile: In the first quarter of 2011, Tele2 Norway reported net sales of SEK 574 (659) million. The development was negatively impacted by a lower termination price and a stronger SEK towards NOK.

Termination price per minute for Tele2 Norway was proposed to be reduced from 0.90 NOK to 0.50 NOK as from January 1, 2011 accord-

¹⁾Recurring ARPU: Less sale of equipment and terminals

ing to a resolution from the National Regulatory Authority. The resolution has been appealed to The Ministry of Transport.

Tele2 Norway showed a good customer uptake, adding 8,000 (4,000) in the quarter despite strong price competition in the marketplace.

Tele2 Norway reached an EBITDA contribution of SEK 9 (39) million in Q1 2011. Change in termination price and cost, increased price competition and cost towards Mobile Norway contributed to lower margins compared to the same period last year. During the quarter, Mobile Norway (Tele2 Norway's joint venture with Network Norway) invoiced Tele2 Norway SEK 23 (11) million for unused capacity.

The EBIT result, SEK 4 (33) million, was positively impacted by Tele2 Norway's share of the result from the joint venture in Mobile Norway with SEK 4 (-2) million in Q1 2011.

Tele2 Norway kept delivering on the Best Deal concept by focusing on strengthening price position and increased quality perception. Fierce competition persisted during the quarter within the postpaid consumer segment. The business segment continued to progress positively during the quarter.

Fixed telephony: Fixed telephony produced satisfactory revenue and profitability in local currency. Fixed telephony had an EBITDA contribution of SEK 18 (18) million in Q1 2011. This was achieved through intensified efforts to bring costs down and improve the quality of the overall customer stock.

RUSSIA

The Russian operation is Tele2's most significant growth engine. The company has GSM licences in 37 regions covering approximately 61 million inhabitants. Tele2 is participating in a tender process for additional 2G licences in 17 regions with a final outcome at the end of April 2011.

Mobile: 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. The overall market's response in the quarter has been in line with Tele2's expectations and the regions formerly known as "new regions" are expected to break-even in Q2 2011. The total customer base grew by 547,000 (949,000). Over the last 12 months, Tele2 Russia's customer base has grown by almost 3.6 million new users, proving that there is a solid demand for the company's services despite lower customer activity in the market and the introduction of 3G services by competitors.

The total customer base amounted to 18,985,000 (15,400,000) at the end of Q1 2011. The turnover of the total customer base was stable during the quarter despite increased competition. Tele2 Russia will maintain its effort to be best in class in customer retention and continue to work with commission structure to the retail channels in order to further enhance the quality of the customer intake.

Despite an impact from customer base growth in new regions with lower initial service usage and the general increase of price competition throughout Tele2 Russia's footprint, MoU for the total operations increased by 4 percent compared to Q1 2010, amounting to 229 (220). ARPU amounted to SEK 46 (50) or RUB 209 (206).

Tele2 Russia continued to deliver solid financial performance. The EBITDA margin development was robust, driven by stable operational trends in the more mature regions and scale benefits in the new regions. EBITDA amounted to SEK 942 (719) million, equivalent to a margin of 36 (32) percent. The investment level is expected to increase in 2011.

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 economy in the region stabilizes. Tele2's Croatian operation is a strong challenger as it offers the Best Deal in both mobile telephony and mobile broadband. Tele2's Kazakhstan operation is the latest growth opportunity for the market area.

Estonia

In the wake of economic recovery, the mobile broadband market continued to expand during Q1 2011 as customer demand for the service increased, generating a strong customer intake. The business segment also had a significant increase in customer intake.

Revenues from equipment sales started to grow during the quarter. Likewise, data revenues kept a steady growth. However, the situation remained challenging in the postpaid consumer segment, which proved highly competitive in Q1 2011 due to very aggressive offers in the Estonian market.

In spite of this demanding context, Tele2 Estonia managed to maintain a solid price position and stable market share, while improving quality perception in the market.

The Euro conversion project was completed successfully during the quarter. The current interconnect rate amounted to 0.078 EUR/min, and is expected to go down by 10 percent as of July 1, 2011.

EBITDA improved during the quarter due to increased data revenues, showing a stabilization of the company's financial result. In terms of capital expenditures, the main focus during the quarter stayed on the UMTS900 roll out. The expansion of the 3G network will enable Tele2 to offer the best priced mobile broadband services for larger customer segments.

Lithuania

The Lithuanian economy stabilized further and slowly started to pick up during Q1 2011. Tele2 Lithuania continued to demonstrate solid financial performance during the quarter, while struggling with customer intake.

Customer growth was negative for the quarter due to a seasonality effect in the prepaid market and fierce competition in the consumer segment. However, Tele2 Lithuania worked on further expanding its market share both in the postpaid consumer and business segments, but net intake also proved weaker than planned due to very aggressive competition offers.

Mobile broadband sales showed a strong increase in the first quarter. However, revenues in Q1 2011 stayed flat, negatively affected by a decreased MTR price from January 1, 2011.

In Q1 2011, EBITDA remained stable mainly due to higher discounts received from handset suppliers.

Capex was slightly lower due to the slow data service take off in the beginning of 2011, a cold winter season (which had an impact on transmission projects) and prudent investments on Radio/Core networks.

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 broadband sales growth momentum.

Latvia

Mobile: Despite a slight setback due to tax increase, the Latvian economy continued to stabilize, leading to encouraging growth in handset sales and mobile services consumption.

Q1 2011 was marked by intense competition across all customer segments, in line with the previous quarters. In Q1 2011, Tele2 Latvia introduced new innovative price plans and demonstrated strong performance in smartphone sales, which prompted higher mobile broadband consumption.

Tele2 Latvia continued to focus on price leadership, customer satisfaction and service quality, strengthening sales and customer care performance. Likewise, the company continued to develop infrastructure in terms of coverage, capacity, performance and 3G capabilities. Tele2 has been repeatedly nominated by the Regulator as voice quality leader among mobile operators in Latvia.

Tele2 Latvia will strive to maintain its price leadership position and concentrate its efforts on increasing market share in the postpaid and business customer segments, while defending its leading position in prepaid. By doing so, Tele2 aims to uphold its Best Deal position in the market.

Croatia

Mobile: The improved EBITDA contribution was driven by a continued momentum in growing domestic revenue market share within the Croatian market, and with significant improvements in gross margins. The latter is due to the continued rollout of Tele2 Croatia's own network infrastructure, further reducing the company's dependency on National roaming.

The total customer base reached 755,000 (624,000) customers in Q1 2011.

Despite the Q1 2011 focus on launching the company's new billing system and focusing on customer satisfaction of its existing base, Tele2 Croatia achieved positive net customer growth resulting from the continuation of its successful Christmas campaign, and the Launch of B2B Service in February 2011.

Kazakhstan

Mobile: During this quarter, Tele2 in Kazakhstan focused on preparing for the launch of the Tele2 brand. The first launch is planned to take place during Q2 2011 in the region of Aktobe.

In that respect, the main activities consisted in swapping out the old equipment and rolling out the new 2G and 3G enabled network. Tele2 intends to triple the amount of base stations in 2011, which will allow the company to guarantee good network quality. Tele2 in Kazakhstan has also worked intensely on establishing good relationships with the regional distributors and on widening its distributor network throughout the country to support the upcoming commercial launch. Another key focus area during Q1 was to develop marketing communication campaigns.

During the previous quarter, the company has managed to negotiate interconnect rate cuts with the two largest competitors. In Q1, Tele2 in Kazakhstan continued to work actively on negotiating even lower mobile termination rates for 2011 and 2012.

WESTERN EUROPE

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

Netherlands

Tele2 Netherlands showed a solid operational result during Q1 2011. Despite a slight decline in revenues and the additional focus on mobile postpaid sales, EBITDA remained stable and equal to the previous quarter's level. Mainly fixed telephony and fixed broadband contributed strongly to the operational result. Compared to the same quarter last year, revenues and EBITDA increased as result of the BBned acquisition.

Mobile: During Q1 2011, Tele2 Netherlands continued to focus on postpaid offerings with smart phones gaining momentum in the market. This resulted in a growing postpaid base, but overall the customer base decreased due to an ongoing decline in prepaid customers. As a consequence, revenue increased quarter over quarter, while EBITDA declined mostly due to expansion costs.

Fixed broadband: The demand for Tele2's triple play offering, including TV, continued and outweighed the demand for dual-play offerings. The ARPU of the broadband base kept improving, which enhanced the financial contribution in terms of revenue and EBITDA compared to same quarter last year. Despite the competitive pressure from other telecom providers and cable operators, the consumer broadband base remained quite stable.

The competitive environment in the business segment stayed fierce. Due to the related price pressure for new and prolonged contracts, revenues decreased. However, Tele2 Netherlands was able to sustain its customer base, focusing on strengthening its Best Deal position by improving its services and quality.

Fixed telephony: The fixed telephony market kept declining in favour of bundled broadband offerings. Tele2 Netherlands pursued its efforts to up- and cross-sell its own bundled offerings to its fixed telephony customer base. Despite a decline in revenues, Tele2 Netherlands managed to improve its operational result.

Germany

Fixed broadband: Based on the new wholesale agreement with QSC, Tele2 Germany significantly improved the profitability of its broadband business during the first quarter of 2011.

Tele2 Germany successfully continued its broadband strategy, which consists in focusing on profitability and customer base stabilisation rather than in investing into customer growth in an increasingly saturated broadband market.

Fixed telephony: Tele2 Germany maintained its leading position in the CPS (Carrier-Pre-Selection) segment with a market share of more than 40 percent. Due to the strong retention results in the last quarter, the fixed telephony segment developed ahead of plan. Although the Open Call by Call segment showed strong competitive activities, Tele2 Germany was able to capitalise on its high brand awareness and therefore managed to defend its position in this segment.

Austria

In the first quarter of 2011, Tele2 Austria reinforced its focus on the business segment while delivering stable cash flows with the support of the consumer and wholesale segments. The EBITDA margin for Q1 2011 amounted to 24 (20) percent. The continued healthy financial development is the direct result of a focused product portfolio, selective investments aimed at eliminating road blocks for profitable growth, and stringent cost control efforts across the company.

Fixed broadband: Tele2 Austria stayed on course by focusing on growth within the business segment. As a result, the company could see moderate growth in that segment during the quarter. At the same time, product development was strengthened to capture the converging services growth opportunity within the mid-range business segment.

The consumer segment implemented additional activities meant to increase ARPU for binding prolongations that led to a secured revenue contribution.

Fixed telephony: Due to decreasing minutes of use, the voice revenues in the business segment were lower than expected. To compensate for this, Tele2 Austria worked on recalibrating short-term sales incentives on voice deals, while further focusing on data growth.

In the consumer segment, marked up- and cross-selling activities centred on binding prolongation showed significant conversion rates. Despite price increases for consumer and SME customers, no material churn effect was visible.

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, changes in regulatory legislation, legal proceedings 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 2010 (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.

Tele2 AB (publ) Annual General Meeting 2011

The 2011 Annual General Meeting will be held on Monday 16 May 2011 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 Tuesday 10 May 2011, and notify the company of their intention to participate by no later than 1.00 p.m. CET on Tuesday 10 May 2011. 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, 2011 on July 20, 2011.

Stockholm, April 19, 2011

Tele2 AB

Mats Granryd
President and CEO

Report Review

The financial and operating results for this interim report have not been subject to specific review by the company's auditors.

Result Meeting

Tele2 will present the results at a meeting at Myntkabinettet, Slottsbacken 6, Stockholm, at 10.45 am CET (09:45 am UK time/04:45 am NY time) on Tuesday, April 19, 2011. The presentation will be held in English and webcasted on Tele2's dedicated Q1 2011 website, reports.tele2.com/2011/Q1.

There will also be the possibility to listen to the meeting live over the phone and attend the Q&A session via a conference call. Please note that there might be a time lag of up to 30 seconds between the Internet broadcast and the conference call if you are simultaneously watching and calling in to the press conference.

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 (0)8 505 598 53

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TELE2 IS ONE OF EUROPE 'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING THE BEST DEAL. We have 31 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 2010, we had net sales of SEK 40.2 billion and reported an operating profit (EBITDA) of SEK 10.3 billion.

Income statement

SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year
CONTINUING OPERATIONS				
Net sales		9,573	9,527	40,164
Operating expenses		-8,042	-8,007	-33,053
Result from shares in associated companies and joint ventures	3	10	14	-74
Other operating income	4, 9	188	50	207
Other operating expenses	9	-70	-38	-156
Operating profit, EBIT		1,659	1,546	7,088
Interest income/costs	1, 2	-29	-77	-497
Exchange rate differences, external		-9	-11	104
Exchange rate differences, intragroup		17	132	178
Other financial items		-41	-2	-138
Profit after financial items, EBT		1,597	1,588	6,735
Tax on profit	1, 5	-371	-339	-254
NET PROFIT FROM CONTINUING OPERATIONS		1,226	1,249	6,481
DISCONTINUED OPERATIONS				
Net profit from discontinued operations	9	-13	19	447
NET PROFIT		1,213	1,268	6,928
ATTRIBUTABLE TO				
Equity holders of the parent company		1,213	1,265	6,926
Minority interest		-	3	2
NET PROFIT		1,213	1,268	6,928
Earnings per share (SEK)	8	2.73	2.87	15.70
Earnings per share, after dilution (SEK)	8	2.72	2.86	15.64
FROM CONTINUING OPERATIONS				
Earnings per share (SEK)	8	2.76	2.83	14.69
Earnings per share, after dilution (SEK)	8	2.75	2.82	14.63

Comprehensive income

SEK million	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year
Net profit	1,213	1,268	6,928
OTHER COMPREHENSIVE INCOME			
Exchange rate differences	-189	-821	-2,780
Exchange rate differences, tax effect	41	-587	-1,504
Reversed cumulative exchange rate differences from divested companies	1	-	-50
Withholding tax	-	-	-12
Cash flow hedges	9	-7	46
Cash flow hedges, tax effect	-2	2	-12
Other comprehensive income for the period, net of tax	-140	-1,413	-4,312
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,073	-145	2,616
ATTRIBUTABLE TO			
Equity holders of the parent company	1,073	-148	2,614
Minority interest	-	3	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,073	-145	2,616

Change in shareholders' equity

SEK million	Note	Mar 31, 2011			Mar 31, 2010			Dec 31, 2010		
		Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity
		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests	
Shareholders' equity, January 1		28,872	3	28,875	28,760	63	28,823	28,760	63	28,823
Costs for stock options	8	7	-	7	6	-	6	54	-	54
New share issues	8	11	-	11	2	-	2	74	-	74
Sale of own shares	8	22	-	22	-	-	-	256	-	256
Dividends	8	-	-	-	-	-	-	-2,580	-	-2,580
Purchase of minority		-	-	-	-306	-63	-369	-306	-62	-368
Comprehensive income for the period		1,073	-	1,073	-148	3	-145	2,614	2	2,616
SHAREHOLDERS' EQUITY, END OF PERIOD		29,985	3	29,988	28,314	3	28,317	28,872	3	28,875

Balance sheet

SEK million	Note	Mar 31, 2011	Mar 31, 2010	Dec 31, 2010
ASSETS				
FIXED ASSETS				
Goodwill	9	9,901	10,541	10,010
Other intangible assets		3,039	3,211	3,191
Intangible assets		12,940	13,752	13,201
Tangible assets		15,050	15,757	15,130
Financial assets	3, 9	1,220	662	1,141
Deferred tax assets	5	3,086	3,580	3,200
FIXED ASSETS		32,296	33,751	32,672
CURRENT ASSETS				
Materials and supplies		321	167	273
Current receivables		6,641	6,299	6,478
Short-term investments		143	108	112
Cash and cash equivalents		1,443	993	834
CURRENT ASSETS		8,548	7,567	7,697
ASSETS		40,844	41,318	40,369
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Attributable to equity holders of the parent company		29,985	28,314	28,872
Minority interests		3	3	3
SHAREHOLDERS' EQUITY		29,988	28,317	28,875
LONG-TERM LIABILITIES				
Interest-bearing liabilities		1,030	3,810	1,692
Non-interest-bearing liabilities		927	922	851
LONG-TERM LIABILITIES		1,957	4,732	2,543
SHORT-TERM LIABILITIES				
Interest-bearing liabilities		1,345	523	1,256
Non-interest-bearing liabilities		7,554	7,746	7,695
SHORT-TERM LIABILITIES		8,899	8,269	8,951
EQUITY AND LIABILITIES		40,844	41,318	40,369

Cash flow statement

SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
OPERATING ACTIVITIES										
Cash flow from operations, less paid taxes	1	2,589	2,341	10,450	2,589	2,311	2,733	3,065	2,341	2,560
Taxes paid		-225	-233	-740	-225	-160	-152	-195	-233	-205
Changes in working capital	1	-310	183	-100	-310	-374	39	52	183	346
CASH FLOW FROM OPERATING ACTIVITIES		2,054	2,291	9,610	2,054	1,777	2,620	2,922	2,291	2,701
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX		-933	-608	-3,603	-933	-1,163	-923	-909	-608	-1,048
Cash flow after CAPEX		1,121	1,683	6,007	1,121	614	1,697	2,013	1,683	1,653
Acquisition of shares and participations	9	-15	-810	-1,510	-15	-469	-95	-136	-810	-167
Sale of shares and participations	9	-	-9	53	-	146	-1	-83	-9	511
Changes of long-term receivables and short-term investments		1	-	-200	1	-200	15	-15	-	-16
Cash flow from investing activities		-947	-1,427	-5,260	-947	-1,686	-1,004	-1,143	-1,427	-720
CASH FLOW AFTER INVESTING ACTIVITIES		1,107	864	4,350	1,107	91	1,616	1,779	864	1,981
FINANCING ACTIVITIES										
Change of loans, net		-630	-1,167	-2,806	-630	-1,095	-1,290	746	-1,167	-1,332
Dividends	8	-	-	-2,580	-	-	-	-2,580	-	-
New share issues	8	11	2	74	11	-	19	53	2	3
Sale of own shares	8	22	-	256	22	141	115	-	-	-
Shareholders contribution from minority	9	106	-	241	106	100	51	90	-	-
Cash flow from financing activities		-491	-1,165	-4,815	-491	-854	-1,105	-1,691	-1,165	-1,329
NET CHANGE IN CASH AND CASH EQUIVALENTS		616	-301	-465	616	-763	511	88	-301	652
Cash and cash equivalents at beginning of period		834	1,312	1,312	834	1,513	1,072	993	1,312	683
Exchange rate differences in cash		-7	-18	-13	-7	84	-70	-9	-18	-23
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,443	993	834	1,443	834	1,513	1,072	993	1,312

Number of customers

by thousands	Note	Number of customers		Net intake								
		2011 Mar 31	2010 Mar 31	2011 Jan 1– Mar 31	2010 Jan 1– Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Sweden												
Mobile		3,615	3,378	8	15	212	8	20	103	74	15	20
Fixed broadband		490	456	4	12	42	4	18	15	-3	12	1
Fixed telephony		623	705	-28	-41	-95	-28	-21	-20	-13	-41	-17
		4,728	4,539	-16	-14	159	-16	17	98	58	-14	4
Norway												
Mobile		505	470	8	4	31	8	10	10	7	4	3
Fixed telephony		100	116	-3	-4	-17	-3	-5	-4	-4	-4	-
		605	586	5	-	14	5	5	6	3	-	3
Russia												
Mobile		18,985	15,400	547	949	3,987	547	755	1,170	1,113	949	1,149
		18,985	15,400	547	949	3,987	547	755	1,170	1,113	949	1,149
Estonia												
Mobile		467	458	-1	11	21	-1	-4	7	7	11	-12
Fixed telephony		10	13	-1	-	-2	-1	-	-1	-1	-	-1
		477	471	-2	11	19	-2	-4	6	6	11	-13
Lithuania												
Mobile		1,667	1,610	-18	2	77	-18	1	40	34	2	-60
Fixed broadband	9	-	44	-	-	-	-	-	-	-	-	1
Fixed telephony		2	3	-	-	-1	-	-	-1	-	-	-
		1,669	1,657	-18	2	76	-18	1	39	34	2	-59
Latvia												
Mobile		1,016	1,039	-11	-19	-31	-11	-25	8	5	-19	-19
Fixed telephony		-	1	-	-	-1	-	-	-	-1	-	-
		1,016	1,040	-11	-19	-32	-11	-25	8	4	-19	-19
Croatia												
Mobile		755	624	17	26	140	17	1	81	32	26	-18
		755	624	17	26	140	17	1	81	32	26	-18
Kazakhstan												
Mobile		308	265	-24	-	67	-24	114	1	-48	-	-
		308	265	-24	-	67	-24	114	1	-48	-	-
Netherlands												
Mobile		334	383	-4	-16	-61	-4	-13	-16	-16	-16	-18
Fixed broadband		507	431	-3	13	17	-3	-3	4	3	13	8
Fixed telephony		221	289	-12	-18	-74	-12	-17	-19	-20	-18	-17
		1,062	1,103	-19	-21	-118	-19	-33	-31	-33	-21	-27
Germany												
Fixed broadband		112	131	-4	-8	-23	-4	-5	-4	-6	-8	-6
Fixed telephony		1,126	1,375	-56	-93	-286	-56	-83	-60	-50	-93	-90
		1,238	1,506	-60	-101	-309	-60	-88	-64	-56	-101	-96
Austria												
Fixed broadband		129	126	-1	-8	-4	-1	-	-	4	-8	-14
Fixed telephony		266	338	-19	-14	-67	-19	-15	-17	-21	-14	-23
		395	464	-20	-22	-71	-20	-15	-17	-17	-22	-37
TOTAL												
Mobile		27,652	23,627	522	972	4,443	522	859	1,404	1,208	972	1,045
Fixed broadband		1,238	1,188	-4	9	32	-4	10	15	-2	9	-10
Fixed telephony		2,348	2,840	-119	-170	-543	-119	-141	-122	-110	-170	-148
		31,238	27,655	399	811	3,932	399	728	1,297	1,096	811	887
Acquired companies				-	265	372	-	75	32	-	265	-
Divested companies	8			-44	-	-	-44	-	-	-	-	-
TOTAL		31,238	27,655	355	1,076	4,304	355	803	1,329	1,096	1,076	887

Net sales

SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Sweden										
Mobile		2,315	1,956	8,701	2,315	2,311	2,297	2,137	1,956	2,040
Fixed broadband		383	381	1,531	383	392	379	379	381	377
Fixed telephony		379	460	1,773	379	423	437	453	460	476
Other operations		27	42	140	27	36	25	37	42	52
		3,104	2,839	12,145	3,104	3,162	3,138	3,006	2,839	2,945
Norway										
Mobile		574	659	2,618	574	647	640	672	659	667
Fixed broadband		2	2	8	2	2	2	2	2	3
Fixed telephony		92	116	413	92	94	98	105	116	120
		668	777	3,039	668	743	740	779	777	790
Russia										
Mobile		2,629	2,237	10,296	2,629	2,685	2,720	2,654	2,237	2,155
		2,629	2,237	10,296	2,629	2,685	2,720	2,654	2,237	2,155
Estonia										
Mobile	1	188	213	872	188	217	212	230	213	236
Fixed telephony		1	2	8	1	2	2	2	2	2
Other operations		11	11	51	11	12	15	13	11	13
		200	226	931	200	231	229	245	226	251
Lithuania										
Mobile		283	319	1,306	283	322	336	329	319	404
Fixed broadband	9	2	6	24	2	6	5	7	6	7
Fixed telephony		–	–	1	–	–	1	–	–	–
		285	325	1,331	285	328	342	336	325	411
Latvia										
Mobile		262	337	1,270	262	303	313	317	337	369
		262	337	1,270	262	303	313	317	337	369
Croatia										
Mobile		277	297	1,346	277	335	383	331	297	346
		277	297	1,346	277	335	383	331	297	346
Kazakhstan										
Mobile		29	–	119	29	37	38	44	–	–
		29	–	119	29	37	38	44	–	–
Netherlands										
Mobile		215	225	859	215	210	206	218	225	232
Fixed broadband		850	846	3,340	850	911	788	795	846	879
Fixed telephony		220	306	1,064	220	239	248	271	306	327
Other operations		203	131	595	203	216	123	125	131	151
		1,488	1,508	5,858	1,488	1,576	1,365	1,409	1,508	1,589
Germany										
Fixed broadband		66	88	313	66	71	75	79	88	98
Fixed telephony		213	331	1,132	213	255	261	285	331	367
Other operations		12	13	70	12	20	22	15	13	16
		291	432	1,515	291	346	358	379	432	481
Austria										
Fixed broadband		210	250	930	210	219	226	235	250	269
Fixed telephony		78	105	373	78	83	88	97	105	121
Other operations		56	71	277	56	66	67	73	71	77
		344	426	1,580	344	368	381	405	426	467
Other										
Other operations		188	292	931	188	192	202	245	292	338
		188	292	931	188	192	202	245	292	338
TOTAL										
Mobile		6,772	6,243	27,387	6,772	7,067	7,145	6,932	6,243	6,449
Fixed broadband		1,513	1,573	6,146	1,513	1,601	1,475	1,497	1,573	1,633
Fixed telephony		983	1,320	4,764	983	1,096	1,135	1,213	1,320	1,413
Other operations		497	560	2,064	497	542	454	508	560	647
		9,765	9,696	40,361	9,765	10,306	10,209	10,150	9,696	10,142
Internal sales, elimination		–192	–169	–770	–192	–191	–211	–199	–169	–188
		9,573	9,527	39,591	9,573	10,115	9,998	9,951	9,527	9,954
One-off items	1	–	–	573	–	–6	–9	588	–	–1
TOTAL		9,573	9,527	40,164	9,573	10,109	9,989	10,539	9,527	9,953

Internal sales

SEK million	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Sweden									
Mobile	78	37	227	78	70	78	42	37	38
Fixed broadband	1	7	14	1	2	2	3	7	6
Other operations	2	15	23	2	1	–	7	15	12
	81	59	264	81	73	80	52	59	56
Norway									
Fixed telephony	9	6	23	9	6	6	5	6	7
	9	6	23	9	6	6	5	6	7
Russia									
Mobile	31	18	154	31	39	42	55	18	16
	31	18	154	31	39	42	55	18	16
Estonia									
Other operations	11	11	51	11	12	15	13	11	13
	11	11	51	11	12	15	13	11	13
Lithuania									
Mobile	3	3	12	3	3	3	3	3	4
	3	3	12	3	3	3	3	3	4
Latvia									
Mobile	2	2	9	2	2	2	3	2	1
	2	2	9	2	2	2	3	2	1
Netherlands									
Fixed broadband	2	3	12	2	3	2	4	3	4
Other operations	10	1	8	10	3	2	2	1	2
	12	4	20	12	6	4	6	4	6
Other									
Other operations	43	66	237	43	50	59	62	66	85
	43	66	237	43	50	59	62	66	85
TOTAL									
Mobile	114	60	402	114	114	125	103	60	59
Fixed broadband	3	10	26	3	5	4	7	10	10
Fixed telephony	9	6	23	9	6	6	5	6	7
Other operations	66	93	319	66	66	76	84	93	112
TOTAL	192	169	770	192	191	211	199	169	188

EBITDA

SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Sweden										
Mobile		669	664	2,803	669	669	748	722	664	652
Fixed broadband		11	11	24	11	-2	16	-1	11	11
Fixed telephony		83	107	416	83	98	106	105	107	93
Other operations		2	8	29	2	16	2	3	8	7
		765	790	3,272	765	781	872	829	790	763
Norway										
Mobile		9	39	122	9	28	4	51	39	46
Fixed broadband		-	1	10	-	-	3	6	1	2
Fixed telephony		18	18	64	18	14	15	17	18	20
		27	58	196	27	42	22	74	58	68
Russia										
Mobile		942	719	3,573	942	899	1,011	944	719	695
		942	719	3,573	942	899	1,011	944	719	695
Estonia										
Mobile	1	51	56	218	51	50	52	60	56	63
Other operations		-	-1	1	-	1	-	1	-1	1
		51	55	219	51	51	52	61	55	64
Lithuania										
Mobile		113	112	450	113	96	124	118	112	125
Fixed broadband	9	-	1	5	-	1	1	2	1	2
Fixed telephony		-	-	-	-	-	-	-	-	1
		113	113	455	113	97	125	120	113	128
Latvia										
Mobile		85	109	398	85	88	99	102	109	108
		85	109	398	85	88	99	102	109	108
Croatia										
Mobile		1	-41	-21	1	3	14	3	-41	-53
		1	-41	-21	1	3	14	3	-41	-53
Kazakhstan										
Mobile		-71	-	-173	-71	-74	-54	-45	-	-
		-71	-	-173	-71	-74	-54	-45	-	-
Netherlands										
Mobile		21	31	162	21	57	36	38	31	27
Fixed broadband	2	261	261	1,037	261	260	233	283	261	227
Fixed telephony	2	61	89	307	61	48	81	89	89	84
Other operations		73	53	229	73	68	50	58	53	52
		416	434	1,735	416	433	400	468	434	390
Germany										
Fixed broadband		13	-32	-89	13	-	-28	-29	-32	-23
Fixed telephony		71	118	449	71	107	121	103	118	126
Other operations		-	-	-3	-	-2	-1	-	-	2
		84	86	357	84	105	92	74	86	105
Austria										
Fixed broadband		47	36	144	47	44	39	25	36	44
Fixed telephony		32	40	164	32	36	49	39	40	36
Other operations		2	9	20	2	3	6	2	9	2
		81	85	328	81	83	94	66	85	82
Other										
Other operations	2	-37	-50	-55	-37	-20	24	-9	-50	-87
		-37	-50	-55	-37	-20	24	-9	-50	-87
TOTAL										
Mobile		1,820	1,689	7,532	1,820	1,816	2,034	1,993	1,689	1,663
Fixed broadband		332	278	1,131	332	303	264	286	278	263
Fixed telephony		265	372	1,400	265	303	372	353	372	360
Other operations		40	19	221	40	66	81	55	19	-23
TOTAL		2,457	2,358	10,284	2,457	2,488	2,751	2,687	2,358	2,263

EBIT

SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Sweden										
Mobile		471	514	2,137	471	461	581	581	514	476
Fixed broadband		-62	-71	-293	-62	-79	-61	-82	-71	-71
Fixed telephony		72	98	376	72	86	97	95	98	79
Other operations		-7	-5	-19	-7	7	-11	-10	-5	-5
		474	536	2,201	474	475	606	584	536	479
Norway										
Mobile		4	33	87	4	12	-	42	33	18
Fixed broadband		-	1	10	-	-	3	6	1	2
Fixed telephony		18	17	60	18	13	13	17	17	17
		22	51	157	22	25	16	65	51	37
Russia										
Mobile		730	540	2,770	730	688	822	720	540	529
		730	540	2,770	730	688	822	720	540	529
Estonia										
Mobile	1	36	39	151	36	32	37	43	39	44
Other operations		-	-1	1	-	1	-	1	-1	-
		36	38	152	36	33	37	44	38	44
Lithuania										
Mobile		92	88	357	92	74	99	96	88	100
Fixed broadband	9	-	-	1	-	-	-	1	-	-
Fixed telephony		-	-	-	-	-	-	-	-	1
		92	88	358	92	74	99	97	88	101
Latvia										
Mobile		65	88	313	65	67	79	79	88	82
		65	88	313	65	67	79	79	88	82
Croatia										
Mobile		-27	-70	-134	-27	-25	-13	-26	-70	-81
		-27	-70	-134	-27	-25	-13	-26	-70	-81
Kazakhstan										
Mobile		-132	-	-376	-132	-114	-134	-128	-	-
		-132	-	-376	-132	-114	-134	-128	-	-
Netherlands										
Mobile		18	28	146	18	51	32	35	28	25
Fixed broadband	2	133	105	436	133	101	95	135	105	66
Fixed telephony	2	48	73	237	48	29	65	70	73	66
Other operations		46	41	159	46	30	39	49	41	39
		245	247	978	245	211	231	289	247	196
Germany										
Fixed broadband		10	-34	-101	10	-4	-31	-32	-34	-35
Fixed telephony		60	104	404	60	97	112	91	104	108
Other operations		-	-	-3	-	-2	-1	-	-	2
		70	70	300	70	91	80	59	70	75
Austria										
Fixed broadband		26	11	46	26	19	15	1	11	16
Fixed telephony		22	27	119	22	27	38	27	27	22
Other operations		-5	1	-10	-5	-4	-2	-5	1	-6
		43	39	155	43	42	51	23	39	32
Other										
Other operations	2	-58	-78	-170	-58	-54	1	-39	-78	-119
		-58	-78	-170	-58	-54	1	-39	-78	-119
TOTAL										
Mobile		1,257	1,260	5,451	1,257	1,246	1,503	1,442	1,260	1,193
Fixed broadband		107	12	99	107	37	21	29	12	-22
Fixed telephony		220	319	1,196	220	252	325	300	319	293
Other operations		-24	-42	-42	-24	-22	26	-4	-42	-89
		1,560	1,549	6,704	1,560	1,513	1,875	1,767	1,549	1,375
One-off items		99	-3	384	99	-157	17	527	-3	-64
TOTAL		1,659	1,546	7,088	1,659	1,356	1,892	2,294	1,546	1,311

EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
EBITDA		2,457	2,358	10,284	2,457	2,488	2,751	2,687	2,358	2,263
Impairment of goodwill		–	–	–	–	–	–	–	–	–5
Sale of operations		–38	–	–2	–38	–	–2	–	–	–29
Acquisition costs	9	–2	–3	–16	–2	–	–3	–10	–3	–29
Sale of shares in joint ventures	3	–	–	–247	–	–247	–	–	–	–
Other one-off items in result from shares in joint ventures	3	–	–	127	–	96	31	–	–	–
Other one-off items	1, 2, 4	139	–	522	139	–6	–9	537	–	–1
Total one-off items		99	–3	384	99	–157	17	527	–3	–64
Depreciation/amortization and other impairment		–907	–823	–3,626	–907	–977	–885	–941	–823	–850
Result from shares in associated companies and joint ventures		10	14	46	10	2	9	21	14	–38
EBIT		1,659	1,546	7,088	1,659	1,356	1,892	2,294	1,546	1,311

CAPEX

SEK million	Note	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Sweden										
Mobile		55	72	158	55	20	38	28	72	66
Fixed broadband		68	31	210	68	76	54	49	31	46
Fixed telephony		–	8	14	–	1	2	3	8	4
Other operations		12	6	15	12	6	–	3	6	4
		135	117	397	135	103	94	83	117	120
Norway										
Mobile		4	2	14	4	2	4	6	2	4
Fixed broadband		–	–	–	–	–	–	–	–	–1
Fixed telephony		2	–	2	2	1	–	1	–	1
		6	2	16	6	3	4	7	2	4
Russia										
Mobile		262	102	1,495	262	632	429	332	102	441
		262	102	1,495	262	632	429	332	102	441
Estonia										
Mobile		27	13	59	27	15	12	19	13	22
		27	13	59	27	15	12	19	13	22
Lithuania										
Mobile		20	21	110	20	32	22	35	21	20
Fixed broadband	9	–	1	2	–	1	–	–	1	2
		20	22	112	20	33	22	35	22	22
Latvia										
Mobile		30	19	94	30	35	24	16	19	26
		30	19	94	30	35	24	16	19	26
Croatia										
Mobile		31	16	115	31	64	21	14	16	47
		31	16	115	31	64	21	14	16	47
Kazakhstan										
Mobile		125	–	169	125	168	–	1	–	–
		125	–	169	125	168	–	1	–	–
Netherlands										
Mobile		2	2	9	2	3	2	2	2	2
Fixed broadband		89	114	472	89	94	155	109	114	129
Fixed telephony		10	12	55	10	14	17	12	12	14
Other operations		13	8	42	13	10	12	12	8	9
		114	136	578	114	121	186	135	136	154
Germany										
Fixed broadband		–	–	4	–	2	1	1	–	1
Fixed telephony		–	–	3	–	1	1	1	–	–
		–	–	7	–	3	2	2	–	1
Austria										
Fixed broadband		6	8	34	6	12	5	9	8	20
Fixed telephony		5	5	20	5	7	3	5	5	8
Other operations		2	3	11	2	4	1	3	3	5
		13	16	65	13	23	9	17	16	33
Other										
Other operations		176	139	544	176	120	153	132	139	147
		176	139	544	176	120	153	132	139	147
TOTAL										
Mobile		556	247	2,223	556	971	552	453	247	628
Fixed broadband		163	154	722	163	185	215	168	154	197
Fixed telephony		17	25	94	17	24	23	22	25	27
Other operations		203	156	612	203	140	166	150	156	165
TOTAL		939	582	3,651	939	1,320	956	793	582	1,017

CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION								
	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
CAPEX according to cash flow statement	933	608	3,603	933	1,163	923	909	608	1,048
This year unpaid CAPEX and paid CAPEX from previous year	1	-25	12	1	168	11	-142	-25	-38
Sales price in cash flow statement	5	-1	36	5	-11	22	26	-1	7
CAPEX according to balance sheet	939	582	3,651	939	1,320	956	793	582	1,017

Key ratios

SEK million	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31	2010	2009	2008	2007
CONTINUING OPERATIONS						
Net sales	9,573	9,527	40,164	39,436	38,330	39,082
Number of customers (by thousands)	31,238	27,655	30,883	26,579	24,018	22,768
EBITDA	2,457	2,358	10,284	9,394	8,227	6,721
EBIT	1,659	1,546	7,088	5,736	2,906	1,740
EBT	1,597	1,588	6,735	5,236	1,893	1,009
Net profit/loss	1,226	1,249	6,481	4,755	1,758	-78
Key ratios						
EBITDA margin, %	25.7	24.8	26.0	23.8	21.4	17.1
EBIT margin, %	17.3	16.2	17.6	14.5	7.6	4.5
Value per share (SEK)						
Earnings	2.76	2.83	14.69	10.72	3.91	0.05
Earnings after dilution	2.75	2.82	14.63	10.70	3.91	0.05
TOTAL						
Shareholders' equity	29,988	28,317	28,875	28,823	28,405	27,010
Shareholders' equity after dilution	29,996	28,332	28,894	28,823	28,415	27,054
Total assets	40,844	41,318	40,369	40,737	47,337	48,809
Cash flow from operating activities	2,054	2,291	9,610	9,118	7,896	4,350
Cash flow after CAPEX	1,121	1,683	6,007	4,778	3,288	-819
Available liquidity	16,422	13,188	12,814	12,410	17,248	25,901
Net debt	491	3,203	1,691	2,171	4,952	5,198
Investments in intangible and tangible assets, CAPEX	939	582	3,651	4,439	4,623	5,198
Investments in shares, short-term investments etc	14	911	1,742	-3,357	-2,255	-11,444
Key ratios						
Equity/assets ratio, %	73	69	72	71	60	55
Debt/equity ratio, multiple	0.02	0.11	0.06	0.08	0.17	0.19
Return on shareholders' equity, %	16.5	17.7	24.0	16.4	8.9	-5.6
Return on shareholders' equity after dilution, %	16.5	17.7	24.0	16.4	8.9	-5.6
Return on capital employed, %	20.7	19.2	23.6	17.6	12.9	2.0
Average interest rate, %	8.5	10.2	10.0	6.9	6.2	5.2
Value per share (SEK)						
Earnings	2.73	2.87	15.70	10.61	5.53	-3.50
Earnings after dilution	2.72	2.86	15.64	10.59	5.53	-3.50
Shareholders' equity	67.62	64.29	65.44	65.31	63.93	60.67
Shareholders' equity after dilution	67.36	64.15	65.23	65.18	63.90	60.70
Cash flow from operating activities	4.63	5.20	21.78	20.71	17.80	9.78
Dividend, ordinary			6.00 ¹⁾	3.85	3.50	3.15
Extraordinary dividend			21.00 ¹⁾	2.00	1.50	4.70
Market price at closing day	145.80	120.50	139.60	110.20	69.00	129.50

1) Proposed dividend

Parent Company

INCOME STATEMENT

SEK million	2011 Jan 1–Mar 31	2010 Jan 1–Mar 31
Net sales	12	13
Administrative expenses	-30	-50
Operating loss, EBIT	-18	-37
Exchange rate difference on financial items	3	-10
Net interest expenses and other financial items	12	-84
Loss after financial items, EBT	-3	-131
Tax on loss	-	26
NET LOSS	-3	-105

BALANCE SHEET

SEK million	Note	Mar 31, 2011	Dec 31, 2010
ASSETS			
FIXED ASSETS			
Financial assets		22,901	23,414
FIXED ASSETS		22,901	23,414
CURRENT ASSETS			
Current receivables		14,670	14,601
Cash and cash equivalents		46	3
CURRENT ASSETS		14,716	14,604
ASSETS		37,617	38,018
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity	8	17,544	17,533
Unrestricted equity	8	20,005	19,978
SHAREHOLDERS' EQUITY		37,549	37,511
LONG-TERM LIABILITIES			
Interest-bearing liabilities		-	426
LONG-TERM LIABILITIES		-	426
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		30	39
Non-interest-bearing liabilities		38	42
SHORT-TERM LIABILITIES		68	81
EQUITY AND LIABILITIES		37,617	38,018

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

For the group, the interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for legal entities and its statements (December 2010).

New and amended IFRS standards and IFRIC interpretations

The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2011, have had no material effect on the consolidated financial statements.

In all other respects, Tele2 has presented its interim report in accordance with the accounting principles and calculation methods used in the 2010 Annual Report. Definitions are found in the 2010 Annual Report.

NOTE 1 NET SALES

In Q3 2010, net sales in Estonia decreased by SEK 18 million due to the settlement of a court dispute regarding excessive mobile termination fees during the years 2006–2007.

In Q2 2010, net sales and cash flow in Germany increased by SEK 588 million due to a reached settlement with Deutsche Telekom regarding several legal disputes dating back to 2003 (e.g. regarding verbal ordering procedures). The positive effect was reported as a one-off item. Income tax regarding this settlement affected the income statement negatively in Q2 2010 by SEK 73 million.

In Q4 2009, Tele2 made a settlement with TeliaSonera related to interconnect disputes, and the solved dispute affected the cash flow positively by SEK 340 million and the interest income by SEK 60 million, but did not affect EBIT. In addition, an interest cost has affected Q2 2010 negatively by SEK 43 million.

NOTE 2 OPERATING AND FINANCIAL EXPENSES

In Q4 2010, the USD 220 million bond issued on the US market was repaid, which resulted in a termination fee of SEK 116 million reported as interest expense.

In Q2 2010, Sweden was negatively affected by SEK 51 million, due to the ruling from the Administrative Court of Appeal in June 2010 regarding price on whole and split copper cable. The negative effect has been reported as a one-off item.

Due to telecom regulatory changes, Netherlands was in Q2 2010 positively affected by SEK 79 million, mainly in the fixed broadband and fixed telephony business.

In Q1 2010, the segment Other was negatively affected by SEK 22 million associated with termination payment, including pension costs and social security cost, to former President and CEO Harri Koponen.

NOTE 3 RESULT FROM SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	2011 Q1	2010 Full year	2010 Q4	2010 Q3
Valuation of loss carry forward in Svenska UMTS-nät	–	96	96	–
Valuation of previously held shares in Spring Mobil in connection to acquisition of remaining shares	–	31	–	31
Sale of shares in Plusnet	–	–247	–247	–
Other	10	46	2	9
Total	10	–74	–149	40

NOTE 4 OTHER OPERATING INCOME

In Q1 2011, other operating income in Sweden increased by SEK 139 million concerning 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 5 TAXES

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 reassessment of the deferred tax liability in Estonia.

In Q4 2010, net taxes were positively affected by SEK 175 million as a result of a valuation of deferred tax assets in Germany.

In Q3 2010, net taxes were positively affected by SEK 1,049 million as a result of a valuation of deferred tax assets related to holding companies in Luxembourg of SEK 895 million and in Netherlands of SEK 154 million.

NOTE 6 CONTINGENT LIABILITIES

SEK million	Mar 31, 2011	Dec 31, 2010
Other disputes	239	258
Guarantee related to joint ventures		
– Svenska UMTS-nät, Sweden	1,188	1,260
– Mobile Norway, Norway	229	199
Total contingent liabilities	1,656	1,717

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 USD 38 (SEK 239) million. Tele2 expects the arbitration award to be announced during the second half of 2011. 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 2010.

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

Apart from transactions with Transcom and joint ventures, no other significant related party transactions have been carried out during 2011. Related parties are presented in Note 38 of the 2010 Annual Report.

NOTE 8 SHARES AND INCENTIVE PROGRAMS (LTI)

	Mar 31, 2011	Mar 31, 2010	Dec 31, 2010
Number of shares			
– outstanding, basic	443,561,839	440,401,339	443,262,339
– in own custody	3,521,500	5,798,000	3,701,000
– weighted average	443,414,106	440,396,672	441,229,755
– after dilution	445,288,879	441,560,691	445,120,571
– after dilution, weighted average	445,235,088	441,630,461	442,929,325

DIVIDEND

Tele2's Board of Directors intends to propose an increase of the ordinary dividend by 56 percent to SEK 6.00 per share in respect of the financial year 2010 to the Annual General Meeting in 2011 and an extraordinary dividend of SEK 21.00 per share.

In Q2 2010, Tele2 paid to its shareholders a dividend for 2009 of SEK 5.85 per share, of which the ordinary dividend amounted to SEK 3.85 per share and the extraordinary dividend amounted to SEK 2.00 per share. This corresponded to a total of SEK 2,580 million, of which ordinary dividend SEK 1,698 million and extraordinary dividend SEK 882 million.

NEW SHARE ISSUE AND SALE OF SHARES

As a result of 179,500 stock options in the LTI 2007 being exercised during Q1 2011, Tele2 sold shares in own custody of 179,500 resulting in an increase of shareholders' equity of SEK 22 million.

As a result of 120,000 stock options in the LTI 2006 being exercised during Q1 2011, Tele2 issued new shares resulting in an increase of shareholders' equity of SEK 11 million.

RECLASSIFICATION

In Q1 2011, 100 class A shares were reclassified into class B shares in Tele2.

INCENTIVE PROGRAM (LTI)

LTI 2010

	2011 Jan 1–Mar 31	Cumulative from start
Number of share rights		
Allocated June 9, 2010		873,120
Outstanding as of January 1, 2011	869,120	
Forfeited	–63,360	–67,360
Total outstanding share rights	805,760	805,760

LTI 2009

	2011 Jan 1–Mar 31	Cumulative from start
Number of share rights		
Allocated June 1, 2009		656,160
Allocated Q2 2010, compensation for dividend	–	20,184
Outstanding as of January 1, 2011	545,372	
Forfeited	–61,840	–192,812
Total outstanding share rights	483,532	483,532

LTI 2008

	2011 Jan 1–Mar 31	Cumulative from start
Number of share rights		
Allocated May 30, 2008		384,400
Allocated October 24, 2008		56,000
Allocated December 19, 2008		194,872
Allocated Q2 2009, compensation for dividend		25,533
Allocated Q2 2010, compensation for dividend		14,672
		675,477
Outstanding as of January 1, 2011	401,120	
Forfeited	–	–274,357
Total outstanding share rights	401,120	401,120

The exercise of the share rights in LTI 2008 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2008 until March 31, 2011. The outcome of these decided performance conditions was in accordance with below.

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Perfor- mance outcome	Allot- ment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	53.5%	100%
Series B	Average normalised Return on Capital Employed (ROCE)	12%	15%	19.5%	100%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	51.1%	100%

LTI 2007

	2011 Jan 1–Mar 31	Cumulative from start
Number of options		
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2011	432,000	
Forfeited	–	–1,023,000
Exercised	–179,500	–2,276,500
Total outstanding stock options	252,500	252,500

Weighted average share price at date of exercise for stock options amounted to SEK 147.80 (139.21) during 2011.

LTI 2006

	Stock options		Warrants	
	2011 Jan 1–Mar 31	Cumulative from start	2011 Jan 1–Mar 31	Cumulative from start
Number of options				
Allocated March 7, 2006		1,504,000		752,000
Outstanding as of January 1, 2011	120,000		–	
Forfeited	–	–570,000	–	–752,000
Exercised	–120,000	–934,000	–	–
Total outstanding	–	–	–	–

Weighted average share price at date of exercise for stock options amounted to SEK 144.91 (121.69) during 2011.

A total bonus of SEK 6 million was paid in connection with exercise during 2009–2011, as a compensation for the extraordinary dividend of SEK 6.20 and 8.20 paid 2008–2010.

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2011 Jan 1–Mar 31
Acquisitions	
Capital contribution to joint venture companies	-15
Total acquisitions	-15
Divestments	
KRT, Lithuania	37
Settlements of previous years' discontinued operations	-20
Settlements of previous years' other divestments	-17
Total divestments	-
TOTAL CASH FLOW EFFECT	-15

ACQUISITIONS

Previous year acquisitions

During 2010, Tele2 acquired the remaining 50 percent of the shares in the Swedish company Spring Mobil. During Q1 2011 Tele2 obtained new information about facts and circumstances that existed as of the acquisition date relating to the losses carried forward in Spring Mobil. The effect of the new information resulted in a decrease of the deferred tax asset and an increase of goodwill in the purchase price allocation of SEK 19 million.

During 2010, Tele2 acquired 51 percent of mobile operator NEO in Kazakhstan, where Tele2 committed to a capital injection of SEK 360 million. During 2011, SEK 108 (251) million were paid by Tele2 and SEK 106 (241) million by the minority owner. Total acquisition costs for Tele2 Kazakhstan of SEK 37 million were reported in the income statement, whereof SEK 29 million were reported in 2009, SEK 6 million in 2010 and SEK 2 million in 2011.

DIVESTMENTS

Datamatrix Outsourcing, Sweden

On March 27, 2011 Tele2 signed an agreement for the sale of its IT-outsourcing operation in Sweden. The sale was completed in April, 2011. In Q1 2011, a capital loss of SEK 36 million was recognized in relation to the sale. The operation affected Tele2's net sales year-to-date 2011 and full year 2010 by SEK 29 (38) million and SEK 147 million respectively, and EBITDA year-to-date 2011 and full year 2010 by SEK 8 (5) million and SEK 33 million respectively.

KRT, Lithuania

On December 15, 2010 Tele2 sold its cable TV operation in Lithuania for SEK 42 million. The sale was approved by the regulatory authorities on February 3, 2011 with a capital gain of SEK 4 million, of which SEK 2 million were related to reversed exchange rate differences which previously were reported directly in equity. The operation affected Tele2's net sales year-to-date 2011 and full year 2010 by SEK 2 (3) million and SEK 17 million respectively, and EBITDA year-to-date 2011 and full year 2010 by SEK - (-) million and SEK - (3) million respectively.

Other divestments

Other cash flow changes include settlements of price adjustments and disputes in the amount of SEK 17 million for divestments which have not been classified as discontinued operations.

Net assets at the time of divestment

Assets, liabilities and contingent liabilities included in the divested operations at the time of divestment are stated below.

SEK million	KRT, Lithuania
Intangible assets	-
Tangible assets	34
Material and supplies	1
Current receivables	1
Cash and cash equivalents	4
Exchange rate differences	-2
Short-term liabilities	-3
Divested net assets	35
Capital gain/loss	4
Sales price, net sales costs	39
Sales costs etc, unpaid	2
Less: cash in divested operations	-4
EFFECT ON GROUP CASH ASSETS	37

PRO FORMA

The table below shows how the divested companies and operations at March 31, 2011 should have affected Tele2's net sales and result if they had been divested before January 1, 2011.

SEK million	Jan 1–Mar 31 2011			Tele2 group, pro forma
	Tele2 group ¹⁾	Datamatrix Outsourcing	KRT	
Net sales	9,573	-29	-2	9,542
EBITDA	2,457	-8	-	2,449
Net profit	1,213	24	-	1,237

1) Continued operation

DISCONTINUED OPERATIONS

Discontinued operations include settlements of sales costs and price adjustments for discontinued operations sold during previous years. In addition, Q4 2009 includes the mobile operation in France divested during 2009.

SEK million	Discontinued operation							
	2011 Jan 1– Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Income statement								
Net sales	-	-	-	-	-	-	-	177
Profit/loss before tax	-13	453	-13	410	29	-5	19	196
Taxes	-	-6	-	-6	-	-	-	-12
Net profit/loss	-13	447	-13	404	29	-5	19	184
Cash flow statement								
Operating activities	-	-	-	-	-	-	-	52
Investing activities	-20	323	-20	418	-9	-79	-7	534
Change in cash and cash equivalents	-20	323	-20	418	-9	-79	-7	586