INTERIM REPORT FIRST QUARTER 2017

TELE2

Q1 2017 HIGHLIGHTS

- Continued strong mobile end-user service revenue growth of 19 percent, or 10 percent on a like-for-like[1)] basis
- 12 months rolling operating cash flow[2)] more than doubled to SEK 2.5 billion
- Sweden mobile end-user service revenue growth of 9 percent, or 5 percent like-for-like, and Baltics 12 percent
- Kazakhstan JV operating leverage strengthens and achieves an EBITDA margin of 19 percent
- Around 40 percent of the Dutch mobile customer base are now active VoLTE customers
- Jon James appointed new CEO of Tele2 Netherlands
- 2017 financial guidance is unchanged (see p.5)

Key Financial Data

	Q1		
SEK million	**2017**	**2016**	**%**
Net sales	7,875	6,446	22
Net sales, like-for-like[1)]	7,875	7,613	3
Mobile end-user service revenue	3,725	3,129	19
Mobile end-user service revenue, like-for-like[1)]	3,725	3,396	10
EBITDA	1,723	1,226	41
EBITDA, like-for-like[1)]	1,723	1,342	28
EBIT	697	155	350
EBIT excluding one-off items (Note 3)	806	520	55
Net profit	401	339	18
Earnings per share, after dilution (SEK)	0.88	0.80	10
Operating cash flow, rolling 12 months[2)]	2,527	1,112	127

Figures presented in this report refer to Q1 2017 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2016.

1) Like-for-like (LFL) is a non-IFRS measurement calculated at constant currency and pro forma for TDC in Sweden and Altel in Kazakhstan, which means that figures before the acquisition of TDC on October 31, 2016 and Altel on February 29, 2016 are included from the beginning of the current period and in comparative periods.

2) Operating cash flow is a non-IFRS measurement defined by Tele2 as EBITDA less CAPEX.

Net sales Q1 2017

7,875

SEK million

EBITDA Q1 2017

1,723

SEK million

CEO Word, Q1 2017

At Tele2, we aim to fearlessly liberate people to live a more connected life. We do this by being the customer champion of connectivity, enabling our customers to connect more of their devices to even more of the content they love, no matter when and no matter where they are. Our customers are increasingly enjoying this freedom and this is driving strong momentum for the Group.

The first quarter has been a strong start to the year, with mobile end-user service revenues up 10 percent, and EBITDA up 28 percent, both on a like-for-like basis. Operating cash flow has more than doubled on a rolling 12 month basis.

Sweden and the Baltics, our newly named "Baltic Sea Challenger" businesses, continue to grow and remain a reliable cash flow engine. EBITDA increased by 11 percent including TDC pro forma and 12 months rolling operating cash flow grew by 16 percent.

In Sweden, mobile end-user service revenue increased by 5 percent like-for-like driven by continued data growth, migration of customers to higher ASPU bundles, and a strengthening of our position in the enterprise segment. The acquisition of TDC has made us stronger, with the first integration synergies materializing during the quarter. The combined large enterprise segment grew revenues by 3 percent on a like-for-like basis. On the consumer side, mobile end-user service revenues grew 5 percent from a continued successful execution of our dual brand strategy. In April, we are reinforcing the "Value Champion" position of our Tele2 brand by launching a new set of commercial propositions and a new campaign.

The Baltics continues to sustain its positive momentum from previous quarters and reported mobile end-user service revenue growth of 12 percent, on the back of data growth, increasing postpaid penetration, larger data buckets, more smartphones and disciplined investments. Our investments in mobile broadband in previous quarters are paying off with end-user service revenue up 52 percent in the quarter, albeit from a low base.

In our "Investment Markets" of Kazakhstan and the Netherlands, operating cash flow on a rolling 12 months basis improved for the third consecutive quarter as we benefit from increased scale and operating leverage, as well as our disciplined investment approach.

In Kazakhstan the benefits of the JV are clearly becoming more visible, with more efficient operations and scale. Mobile end-user service revenue growth of 14 percent like-for-like was driven by an increase in ASPU as well as a positive net customer intake. Additionally, synergy realization from the JV drove EBITDA margin to 19 percent in the quarter.

In the Netherlands, mobile end-user service revenues increased 40 percent, and our cost structure became more efficient with data and voice increasingly on the Tele2 network. 87 percent of the data traffic is now on-net, and around 40 percent of our customers are now active VoLTE users. We did however experience lower customer intake as competitive pressure increased and new regulatory demands came in to play. As we put a transitional quarter behind us, I was delighted to welcome Jon James as CEO of Tele2 Netherlands in March and I look forward to the exciting opportunity we have ahead to leverage our excellent 4G platform with a new set of commercial propositions.

"We aim to fearlessly liberate people to live a more connected life. We do this by being the customer champion of connectivity, enabling our customers to connect more of their devices to even more of the content they love, no matter when and no matter where they are."

To conclude, I am proud of the strong set of financial results and business momentum that the Tele2 team has delivered at the start of the year, as we pursue our mission to liberate a more connected life for our customers. Looking forward, much of the growth initiatives and infrastructure investments for 2017 lie ahead of us, and revenues and costs will be negatively affected by the new roaming regulation in the second half of the year. Our 2017 full year guidance reflects these factors, as we look to continue delivering long-term value creation for our shareholders, customers and employees.

Allison Kirkby
President and CEO

Financial overview

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

Net customer intake amounted to –37,000 (–9,000) customers in Q1 2017. The customer net intake in mobile services amounted to 3,000 (43,000). The fixed broadband customer base decreased by –13,000 (–6,000), with declines in Sweden, the Netherlands, Austria and Germany. As expected, the number of fixed telephony customers fell by –27,000 (–46,000). On March 31, 2017, the total customer base amounted to 16,629,000 (16,220,000).

Net sales in Q1 2017 amounted to SEK 7,875 (6,446) million. The increase in net sales is mainly explained by the inclusion of TDC in Sweden and strong mobile end-user service revenue growth in the Netherlands, Kazakhstan and the Baltics.

EBITDA in Q1 2017 amounted to SEK 1,723 (1,226) million, which is equivalent to an EBITDA margin of 22 (19) percent. The increase compared to last year is mainly related to the inclusion of TDC in Sweden as well as higher profitability levels in the Netherlands and Kazakhstan. EBITDA in the Netherlands was positively affected by SEK 95 (73) million, as stated in Note 3.

EBIT in Q1 2017 amounted to SEK 697 (155) million and SEK 806 (520) million excluding one-off items. EBIT was negatively affected by one-off items totaling SEK -109 (-365) million, mainly attributable to integration costs for TDC in Sweden and Altel in Kazakhstan (Note 3).

Profit before tax in Q1 2017 amounted to SEK 593 (504) million. Last year's figure was positively impacted by financial items of SEK 418 million, mainly related to the decrease in the value of the Kazakhstan put option obligation to the former non-controlling interest in Tele2 Kazakhstan (Note 4).

Net profit in Q1 2017 was SEK 401 (339) million. Reported tax for Q1 2017 amounted to SEK –192 (–165) million. Tax payment affecting cash flow amounted to SEK –106 (–67) million during the quarter.

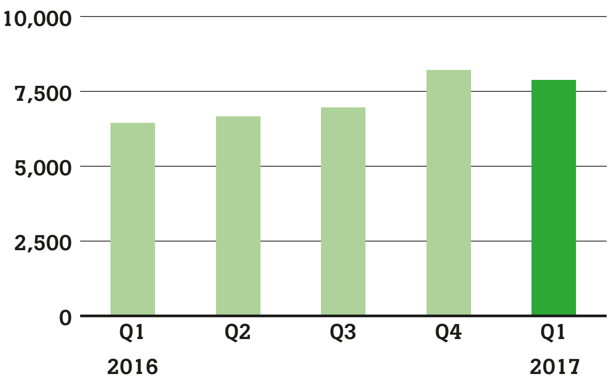
Free cash flow in Q1 2017 amounted to SEK 178 (–154) million. The positive development compared to last year is mainly related to a higher EBITDA and lower investments, partly offset by changes in working capital.

CAPEX in Q1 2017 amounted to SEK 627 (1,154) million. Lower investments compared to last year chiefly related to Sweden, Lithuania and the Netherlands.

Net debt amounted to SEK 10,544 (10,628) million and economic net debt amounted to SEK 10,310 (10,437) million on March 31, 2017 and December 31, 2016 respectively, or 1.75 times 12 months rolling EBITDA. Tele2's available liquidity amounted to SEK 10,795 (10,042) million.

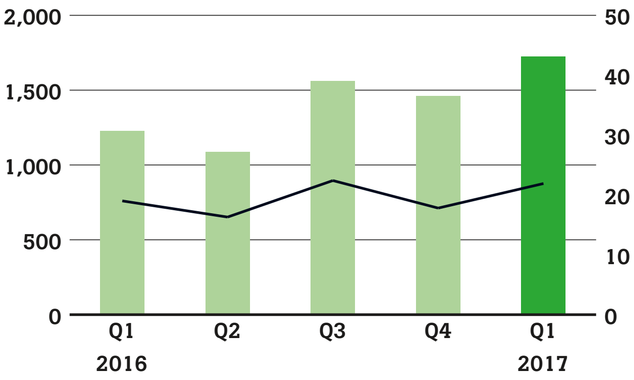
Net sales

SEK million



EBITDA / EBITDA margin

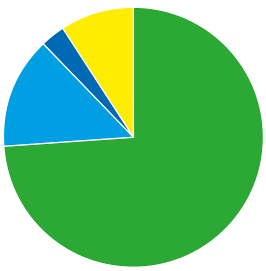
SEK million / Percent



FINANCIAL SUMMARY

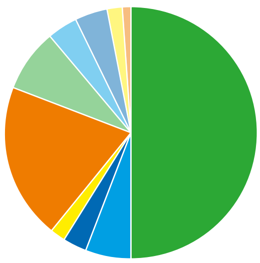
SEK million	Q1 2017	Q1 2016	FY 2016
Mobile			
Net customer intake (thousands)	3	43	384
Net sales	5,850	4,914	21,729
EBITDA	1,315	845	3,868
EBIT excl. one-off items (Note 3)	729	359	1,582
CAPEX	419	705	2,549
Fixed broadband			
Net customer intake (thousands)	–13	–6	–21
Net sales	1,069	936	3,838
EBITDA	223	198	764
EBIT excl. one-off items (Note 3)	–6	26	10
CAPEX	88	304	629
Fixed telephony			
Net customer intake (thousands)	–27	–46	–122
Net sales	233	278	1,051
EBITDA	79	96	363
EBIT excl. one-off items (Note 3)	68	84	315
CAPEX	14	7	29
Total			
Net customer intake (thousands)	–37	–9	241
Net sales	7,875	6,446	28,292
EBITDA	1,723	1,226	5,334
EBIT excl. one-off items (Note 3)	806	520	2,071
EBIT	697	155	–1,219
CAPEX	627	1,154	3,831
EBT	593	504	–1,234
Net profit/loss	401	339	–2,164
Cash flow from operating activities	1,025	953	5,017
Free cash flow	178	–154	1,217

Net sales per service area, Q1 2017



Mobile	74%
Fixed broadband	14%
Fixed telephony	3%
Other	9%

Net sales per country, Q1 2017



Sweden	50%
Lithuania	6%
Latvia	3%
Estonia	2%
Netherlands	20%
Kazakhstan	8%
Croatia	4%
Austria	4%
Germany	2%
Other	1%

Financial guidance

Tele2 AB gives the following guidance for 2017 for continuing operations in constant currencies, which is unchanged from the previous quarter:

- Mobile end-user service revenue growth of mid-single digits
- Net sales of between SEK 31 and 32 billion
- EBITDA of between SEK 5.9 and 6.2 billion
- CAPEX level of between SEK 3.8 and 4.1 billion

The Challenger Program

A group-wide program focused on increasing productivity was launched at the end of 2014. The program will build over 3 years and is expected to reap full benefits of SEK 1 billion per annum starting in 2018. The investment required is estimated at SEK 1 billion, phased over 3 years. All program investments are, and will be, reported as one-off items, affecting EBIT. For more details, see Note 3.

Dividend for fiscal year 2016 to be paid in May 2017

For the financial year 2016, the Board of Tele2 AB has decided to recommend an ordinary dividend payment of SEK 5.23 (5.35) per ordinary A or B share to the Annual General Meeting (AGM) in May 2017, representing a 10 percent increase to the absolute dividend declared in the prior year (Note 10). Financial year 2016 marks the final year of the current 3-year dividend policy.

Pursuant to the approval received at the 2016 AGM, Tele2 has the authorization to repurchase up to 10 percent of its share capital.

Dividend policy for fiscal year 2017 onwards

Tele2 expects to propose a dividend of SEK 4.00 per share for financial year 2017. By financial year 2019, Tele2 expects the dividend to be fully covered by the equity free cash flow generation of the Group.

Authorization to pay extraordinary dividends will be sought when the company has excess capital.

Balance sheet

Tele2 believes the financial leverage should reflect the status of its operations, future strategic opportunities and obligations. It should also be in line with both the industry and the markets in which it operates. This would imply a target economic net debt to EBITDA ratio of 2.0–2.5x over the medium term.

Overview by country

Constant currency basis

Net sales

SEK million	2017 Q1	2016 Q1	Growth
Sweden	3,932	3,053	29%
Lithuania	443	389	14%
Latvia	253	236	7%
Estonia	163	160	2%
Netherlands	1,577	1,469	7%
Kazakhstan	649	408	59%
Croatia	354	329	8%
Austria	282	291	−3%
Germany	160	190	−16%
Other	62	44	41%
Total, constant FX	**7,875**	**6,569**	**20%**
FX effects		−123	2%
Total	**7,875**	**6,446**	**22%**

EBITDA

SEK million	2017 Q1	2016 Q1	Growth
Sweden	1,091	894	22%
Lithuania	156	145	8%
Latvia	88	71	24%
Estonia	42	36	17%
Netherlands	151	−31	587%
Kazakhstan	122	7	1,643%
Croatia	19	11	73%
Austria	55	51	8%
Germany	64	75	−15%
Other	−65	−24	−171%
Total, constant FX	**1,723**	**1,235**	**40%**
FX effects		−9	1%
Total	**1,723**	**1,226**	**41%**

BALTIC SEA CHALLENGERS

Sweden

The main trends and pricing levels in the mobile market were stable from the previous quarter. Competition among price-oriented brands remained intensive, and Comviq expanded its postpaid product range by launching a 20GB bundle.

Net sales were flat, on a like-for-like basis, at SEK 3,932 million (SEK 3,053 million for Tele2 and SEK 882 million for TDC Sweden in Q1 2016). TDC was consolidated the entire quarter. Mobile end-user service revenues grew by 5 percent on a like-for-like basis.

Expansion costs, i.e. including marketing, sales and customer acquisition costs, were lower in anticipation of the launch of new commercial propositions in Q2. As a consequence mobile net intake was subdued, while total EBITDA increased by 10 percent year-on-year on a like-for-like basis to SEK 1,091 million (SEK 894 million for Tele2 and SEK 100 million for TDC in Q1 2016).

The increase in mobile EBITDA to SEK 951 million (SEK 812 million for Tele2 and SEK 14 million for TDC in Q1 2016) was driven mainly by higher service revenues, lower marketing costs and Challenger Program benefits.

Sweden Consumer

Mobile end-user service revenues grew by 5 percent on a like-for-like basis, mainly driven by Comviq postpaid and stable performance by the Tele2 brand. The positive momentum in data consumption and sales of larger-size buckets continued, with both Comviq and Tele2 generating higher ASPU levels. 69 percent of new sales acquired a bucket of more than 3GB.

Sweden B2B

The integration of TDC developed according to plan. Former TDC employees moved into the Tele2 office in Kista during the quarter, and the migration of TDC's MVNO traffic to Tele2's network was initiated and is progressing well. Accumulated integration synergies amounted to SEK 19 million as of the end of March.

The large enterprise business, the largest B2B segment, grew net sales by 3 percent on a like-for-like basis. Significant contract wins include Katrineholm and Järfälla municipalities as well as HCL Technologies. The contract with Postnord was extended.

The B2B small segment shows signs of stabilization, but there is still room for improvement in customer satisfaction.

Lithuania

The market was characterised by competition in handset pricing and marketing campaigns related to 4G coverage.

Mobile end-user service revenues grew by 15 percent, driven by increasing data usage, growing postpaid share, and strong intake within MBB. The national regulatory authority announced that Tele2's 4G network covers 99 percent of the Lithuanian territory.

In the B2B segment, Tele2 insourced customer care to increase quality and response speed, and also launched a new PBX service for corporate clients, based on a novel wireless concept. In the consumer segment, the first store was launched under our newly developed monobrand concept.

The EBITDA margin declined to 35 (37) percent mainly due to sales of low margin handsets.

Latvia

Market activity was moderate in the quarter, as market participants prepared for the new roaming regulation.

Tele2 Latvia had a strong quarter in terms of financial and operational results, with mobile end-user service revenue growing by 10 percent driven by mobile data usage, MBB sales and good intake in the B2B sector.

The EBITDA margin increased to 35 (30) percent as a result of higher service revenues and prudent cost management.

Estonia

The market saw no major price movements, but telemarketing-driven competition remained intensive.

Mobile end-user service revenue grew by 7 percent, driven by strong sales in MBB and continued data monetization.

Total EBITDA grew by 20 percent, driven by mobile end-user service revenue growth and Challenger Program benefits.

INVESTMENT MARKETS

Netherlands

The market was characterized by downward mobile price movements by our competitors and by ongoing changes in regulations impacting handset sales.

Mobile end-user service revenues increased by 40 percent, driven by a higher customer base as well as ASPU, which increased by 2 percent since the previous quarter.

In terms of customer intake, Tele2 had a transitional quarter resulting in lower expansion costs. Jon James was appointed CEO of Tele2 Netherlands, starting on 6 March. The reported mobile net customer intake of 16,000 included a one-time clean-out of 24,000 customers.

The expansion of Tele2's LTE Advanced 4G network continued as outdoor geographical coverage increased to 97 percent and indoor population coverage to 91 percent. As a result, data on-loading increased to 87 percent in the quarter. Furthermore, the number of active VoLTE customers surged to 403,000, following activation of iPhone 6 and later versions in January.

In the fixed broadband segment, the cash contribution improved due to our more disciplined investment focus.

A revaluation of handset receivables had a positive effect on net sales of SEK 53 million (Note 2).

EBITDA was positively affected by SEK 95 (73) million, of which SEK 77 (47) million relating to mobile, including mainly the item mentioned above, and SEK 18 (19) million relating to fixed broadband as a result of a settlement of a dispute (Note 3).

The improvement in the mobile EBITDA was also driven by higher mobile end-user service revenue, lower expansion costs, and lower national roaming costs.

Kazakhstan

Although still competitive, the market continued to benefit from higher pricing levels. The JV continued to replace old products with new offerings that offer better support for ASPU growth over time.

Mobile end-user service revenue grew by 14 percent on a like-for-like basis. This was driven by an ASPU increase and a 3 percent higher customer base.

All integration projects relating to the JV organization were completed during 2016, and during 2017 the integration is focused on network synergies. 631 network sites were merged at the end of Q1 2017, vs 471 sites at the end of 2016. Around 1,000 sites remain to be merged.

The EBITDA margin increase to 19 percent was driven mainly by improved scale, integration benefits and better focus on products and services with higher ASPU and higher margin.

Croatia

In terms of new service propositions, the market was relatively uneventful in the quarter with competition mostly focusing on extended Christmas campaigns and hardware offerings.

Mobile end-user service revenues grew by 6 percent driven by a modest increase in the customer base as well as in ASPU.

The EBITDA margin increased to 5 (3) percent, which was driven by higher mobile end-user service revenue and cost reductions.

A contingent liability of SEK 123 million related to Croatia has been added (Note 9).

CASH GENERATORS

Austria

While the overall market was stable, Tele2's revenue declined due to a lower residential customer base, as we execute on our new strategy which is focused on the large enterprise segment.

As a result, marketing activities have focused on large enterprises and on retention activities in the residential segment.

EBITDA increased due to the new strategic focus and successful cost reductions. Focus has been redirected towards direct channels and as a result commissions for indirect channels as well as media and marketing costs have been reduced.

Germany

The decline of our customer base continued, although slower than expected, especially in the fixed telephony and fixed broadband segments.

Net sales declined due to the decrease of the fixed customer base.

EBITDA decreased to SEK 64 (74) million, representing a stable margin of 40 percent as focus continues to be on profitability and cash contribution.

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 spectrum auctions, availability of frequencies and telecom licenses, changes in regulatory legislation, competition, new business models, technology and market dependency, strategy implementation, acquisitions (including integration) and divestments, operations in Kazakhstan, mobile networks & service delivery interruptions, network and IT integrity and personal data security, external relationships (joint operations, suppliers and business partners), macroeconomic and geopolitical risks, and financial risks such as currency risk, interest risk, liquidity risk, credit risk, risks related to tax matters and impairment of assets. Additionally, there is a risk that Tele2 may not be able to obtain sufficient funding for its operations. Please refer to Tele2's annual report for 2016 (Administration report and Note 2) for a detailed description of Tele2's risk exposure and risk management.

The Supreme Court of the Netherlands as the final instance found in 2016 that mobile contracts that are bundled with a free or discounted device are to be treated as consumer credit or installment purchases. Accordingly, such contracts are subject to the Dutch consumer credit law. Contracts that do not comply with the new consumer credit regulations can be rescinded. As of May 1, 2017, the indirect sales partner of Tele2 Netherlands shall be the customer's contracting party for the sale of the handset, and Tele2 shall be the offeror of the handset credit. As a consequence, sales of handsets by indirect sales partners will not be reported as revenue by Tele2. In addition, the consumer credit regulations may potentially have an adverse effect on sales of subscriptions bundled with handsets in the market going forward.

Subsequent events

On April 12, 2017, the Rotterdam Civil Court passed a ruling in which the court in principle ruled in favor of KPN, relating to a contingent liability as further described in Note 9.

Company disclosure

Tele2 AB (publ) Annual General Meeting 2017

The 2017 Annual General Meeting will be held on Tuesday 9 May 2017 at 3.00 p.m. CEST at the Hotel Rival, Mariatorget 3 in Stockholm.

Shareholders who wish to attend the Annual General Meeting shall

- be entered in the share register maintained by Euroclear Sweden on Wednesday 3 May 2017, and
- give notice of their attendance no later than Wednesday 3 May 2017. Notice to attend is to be made on the company's website at www.tele2.com, by telephone to +46 (0) 771 246 400 or by mail to Computershare AB "AGM Tele2", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Auditors' review report

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

Other

Tele2 will release its financial and operating results for the period ending June 30, 2017 on July 19, 2017.

Stockholm, April 24, 2017
Tele2 AB

Allison Kirkby
President and CEO

Q1 2017 PRESENTATION

Tele2 will host a presentation, with the possibility to join through a conference call, for the global financial community at 10:00 am CEST (09:00 am BST/04:00 am EDT) on Monday, April 24, 2017. The presentation will be held in English and also made available as a web-cast on Tele2's website: www.tele2.com.

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

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APPENDICES

Income statement
Comprehensive income
Balance sheet
Cash flow statement
Change in equity
Number of customers
Net sales
Mobile external net sales split
EBITDA
EBIT
CAPEX
Five-year summary
Parent company
Notes

TELE2'S MISSION IS TO FEARLESSLY LIBERATE PEOPLE TO LIVE A MORE CONNECTED LIFE. We believe the connected life is a better life, and so our aim is to make connectivity increasingly accessible to our customers, no matter where or when they need it. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 offers mobile services, fixed broadband and telephony, data network services, content services and global IoT solutions. Every day our 17 million customers across 9 countries enjoy a fast and wireless experience through our award winning networks. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2016, Tele2 had net sales of SEK 28 billion and reported an operating profit (EBITDA) of SEK 5.3 billion. For definitions of measures, please see the last pages of the Annual Report 2016. Follow @Tele2group on Twitter for the latest updates.

Income statement

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
CONTINUING OPERATIONS				
Net sales		7,875	6,446	28,292
Cost of services provided	3	–4,957	–4,315	–20,725
Gross profit		**2,918**	**2,131**	**7,567**
Selling expenses	3	–1,446	–1,376	–5,716
Administrative expenses	3	–790	–620	–3,156
Other operating income		30	37	153
Other operating expenses		–15	–17	–67
Operating profit/loss, EBIT		**697**	**155**	**–1,219**
Interest income/expenses	6	–73	–69	–312
Other financial items	4	–31	418	297
Profit/loss after financial items, EBT		**593**	**504**	**–1,234**
Income tax	5	–192	–165	–930
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		**401**	**339**	**–2,164**
DISCONTINUED OPERATIONS				
Net loss from discontinued operations	11	–18	–	–100
NET PROFIT/LOSS		**383**	**339**	**–2,264**
ATTRIBUTABLE TO				
Equity holders of the parent company		425	371	–1,962
Non-controlling interests		–42	–32	–302
NET PROFIT/LOSS		**383**	**339**	**–2,264**
Earnings per share (SEK)	10	0.84	0.81	–4.34
Earnings per share, after dilution (SEK)	10	0.84	0.80	–4.34
FROM CONTINUING OPERATIONS				
ATTRIBUTABLE TO				
Equity holders of the parent company		443	371	–1,862
Non-controlling interests		–42	–32	–302
NET PROFIT/LOSS		**401**	**339**	**–2,164**
Earnings per share (SEK)	10	0.88	0.81	–4.12
Earnings per share, after dilution (SEK)	10	0.88	0.80	–4.12

Comprehensive income

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
NET PROFIT/LOSS	**383**	**339**	**–2,264**
OTHER COMPREHENSIVE INCOME			
COMPONENTS NOT TO BE RECLASSIFIED TO NET PROFIT/LOSS			
Pensions, actuarial gains/losses	–	–5	–16
Pensions, actuarial gains/losses, tax effect	–	1	3
Components not to be reclassified to net profit/loss	**–**	**–4**	**–13**
COMPONENTS THAT MAY BE RECLASSIFIED TO NET PROFIT/LOSS			
Exchange rate differences			
Translation differences in foreign operations	79	102	1,094
Tax effect on above	–30	10	–117
Translation differences	*49*	*112*	*977*
Hedge of net investments in foreign operations	7	–36	–149
Tax effect on above	–2	8	33
Hedge of net investments	*5*	*–28*	*–116*
Exchange rate differences	**54**	**84**	**861**
Cash flow hedges			
Loss arising on changes in fair value of hedging instruments	–2	–47	–83
Reclassified cumulative loss to income statement	18	15	68
Tax effect on cash flow hedges	–3	7	3
Cash flow hedges	**13**	**–25**	**–12**
Components that may be reclassified to net profit/loss	**67**	**59**	**849**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**67**	**55**	**836**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**450**	**394**	**–1,428**
ATTRIBUTABLE TO			
Equity holders of the parent company	509	424	–1,117
Non-controlling interests	–59	–30	–311
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**450**	**394**	**–1,428**

Balance sheet

SEK million	Note	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
ASSETS				
NON-CURRENT ASSETS				
Goodwill	3	7,725	8,393	7,729
Other intangible assets		5,703	4,790	5,821
Intangible assets		**13,428**	**13,183**	**13,550**
Tangible assets		14,312	12,667	14,376
Financial assets	6	1,376	1,403	1,324
Deferred tax assets	5	1,656	2,011	1,702
NON-CURRENT ASSETS		**30,772**	**29,264**	**30,952**
CURRENT ASSETS				
Inventories		930	622	655
Current receivables		8,287	7,103	8,592
Current investments		7	33	21
Cash and cash equivalents	7	752	184	257
CURRENT ASSETS		**9,976**	**7,942**	**9,525**
ASSETS		**40,748**	**37,206**	**40,477**
EQUITY AND LIABILITIES				
EQUITY				
Attributable to equity holders of the parent company		18,994	19,475	18,474
Non-controlling interests		–337	–11	–278
EQUITY	10	**18,657**	**19,464**	**18,196**
NON-CURRENT LIABILITIES				
Interest-bearing liabilities	6	10,568	4,798	9,030
Non-interest-bearing liabilities	5	1,045	733	1,066
NON-CURRENT LIABILITIES		**11,613**	**5,531**	**10,096**
CURRENT LIABILITIES				
Interest-bearing liabilities	6	2,197	5,913	3,401
Non-interest-bearing liabilities		8,281	6,298	8,784
CURRENT LIABILITIES		**10,478**	**12,211**	**12,185**
EQUITY AND LIABILITIES		**40,748**	**37,206**	**40,477**

Cash flow statement

(Total operations)

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
OPERATING ACTIVITIES										
Operating profit/loss from continuing operations		697	155	–1,219	697	246	–1,811	191	155	364
Operating profit/loss from discontinued operations		–18	–	–100	–18	–7	–93	–	–	–
Operating profit/loss		**679**	**155**	**–1,319**	**679**	**239**	**–1,904**	**191**	**155**	**364**
Adjustments for non-cash items in operating profit/loss	3	939	1,033	6,192	939	964	3,381	814	1,033	736
Financial items paid/received		–8	–46	–272	–8	–87	–80	–59	–46	–62
Taxes paid		–106	–67	–403	–106	–86	–114	–136	–67	–62
Cash flow from operations before changes in working capital		**1,504**	**1,075**	**4,198**	**1,504**	**1,030**	**1,283**	**810**	**1,075**	**976**
Changes in working capital		–479	–122	819	–479	307	451	183	–122	–194
CASH FLOW FROM OPERATING ACTIVITIES		**1,025**	**953**	**5,017**	**1,025**	**1,337**	**1,734**	**993**	**953**	**782**
INVESTING ACTIVITIES										
CAPEX paid	8	–847	–1,107	–3,800	–847	–943	–896	–854	–1,107	–1,073
Free cash flow		***178***	***–154***	***1,217***	***178***	***394***	***838***	***139***	***–154***	***–291***
Acquisition and sale of shares and participations		–	39	–2,876	–	–2,910	–10	5	39	–
Other financial assets		16	–	13	16	1	11	1	–	–29
Cash flow from investing activities		**–831**	**–1,068**	**–6,663**	**–831**	**–3,852**	**–895**	**–848**	**–1,068**	**–1,102**
CASH FLOW AFTER INVESTING ACTIVITIES		**194**	**–115**	**–1,646**	**194**	**–2,515**	**839**	**145**	**–115**	**–320**
FINANCING ACTIVITIES										
Change of loans, net	6	287	295	1,350	287	–1,317	170	2,202	295	228
Dividends	10	–	–	–2,389	–	–	–	–2,389	–	–
Acquisition of non-controlling interests	10	–	–125	–125	–	–	–	–	–125	–
New share issues	10	–	–	2,910	–	2,910	–	–	–	3
Repurchase of own shares	10	–	–	–	–	–	–	–	–	–3
Cash flow from financing activities		**287**	**170**	**1,746**	**287**	**1,593**	**170**	**–187**	**170**	**228**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**481**	**55**	**100**	**481**	**–922**	**1,009**	**–42**	**55**	**–92**
Cash and cash equivalents at beginning of period		257	107	107	257	1,172	149	184	107	204
Exchange rate differences in cash and cash equivalents		14	22	50	14	7	14	7	22	–5
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	**752**	**184**	**257**	**752**	**257**	**1,172**	**149**	**184**	**107**

Change in equity

		Mar 31, 2017			Mar 31, 2016			Dec 31, 2016		
		Attributable to			Attributable to			Attributable to		
SEK million	Note	equity holders of the parent company	non-controlling interests	Total equity	equity holders of the parent company	non-controlling interests	Total equity	equity holders of the parent company	non-controlling interests	Total equity
Equity, January 1		**18,474**	**–278**	**18,196**	**17,901**	**–**	**17,901**	**17,901**	**–**	**17,901**
Net profit/loss for the period		425	–42	383	371	–32	339	–1,962	–302	–2,264
Other comprehensive income for the period, net of tax		84	–17	67	53	2	55	845	–9	836
Total comprehensive income for the period		**509**	**–59**	**450**	**424**	**–30**	**394**	**–1,117**	**–311**	**–1,428**
OTHER CHANGES IN EQUITY										
Share-based payments	10	4	–	4	7	–	7	1	–	1
Share-based payments, tax effect	10	2	–	2	–	–	–	1	–	1
New share issues	10	7	–	7	–	–	–	2,910	–	2,910
Taxes on new share issue costs	10	–2	–	–2	–	–	–	11	–	11
Dividends	10	–	–	–	–	–	–	–2,389	–	–2,389
Acquisition of non-controlling interests	10	–	–	–	456	475	931	469	489	958
Divestment to non-controlling interests	10	–	–	–	687	–456	231	687	–456	231
EQUITY, END OF THE PERIOD		**18,994**	**–337**	**18,657**	**19,475**	**–11**	**19,464**	**18,474**	**–278**	**18,196**

Number of customers

		Number of customers		Net intake								
by thousands	Note	2017 Mar 31	2016 Mar 31	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sweden												
Mobile		3,851	3,700	–53	–41	–32	–53	–41	36	14	–41	27
Fixed broadband		59	67	–3	–3	–11	–3	–3	–2	–3	–3	–3
Fixed telephony		153	187	–10	–9	–33	–10	–7	–9	–8	–9	–13
Other operations		2	–	–	–	–	–	–	–	–	–	–
		4,065	**3,954**	**–66**	**–53**	**–76**	**–66**	**–51**	**25**	**3**	**–53**	**11**
Lithuania												
Mobile		1,767	1,751	–6	–18	4	–6	–16	38	–	–18	–37
		1,767	**1,751**	**–6**	**–18**	**4**	**–6**	**–16**	**38**	**–**	**–18**	**–37**
Latvia												
Mobile		942	945	–3	–13	–9	–3	–23	21	6	–13	–27
		942	**945**	**–3**	**–13**	**–9**	**–3**	**–23**	**21**	**6**	**–13**	**–27**
Estonia												
Mobile		474	479	–5	–5	–5	–5	–4	3	1	–5	–2
Fixed telephony		–	1	–	–2	–3	–	–1	–	–	–2	–
		474	**480**	**–5**	**–7**	**–8**	**–5**	**–5**	**3**	**1**	**–7**	**–2**
Netherlands												
Mobile		1,062	875	16	31	202	16	55	59	57	31	3
Fixed broadband		345	345	–5	1	6	–5	–1	4	2	1	–4
Fixed telephony		40	51	–2	–4	–13	–2	–3	–3	–3	–4	–4
		1,447	**1,271**	**9**	**28**	**195**	**9**	**51**	**60**	**56**	**28**	**–5**
Kazakhstan												
Mobile		6,514	6,298	74	110	252	74	56	–18	104	110	38
		6,514	**6,298**	**74**	**110**	**252**	**74**	**56**	**–18**	**104**	**110**	**38**
Croatia												
Mobile		788	778	–13	–7	16	–13	–70	70	23	–7	–78
		788	**778**	**–13**	**–7**	**16**	**–13**	**–70**	**70**	**23**	**–7**	**–78**
Austria												
Mobile		8	–	2	–	6	2	–	1	5	–	–
Fixed broadband		92	100	–2	–2	–8	–2	–2	–2	–2	–2	–2
Fixed telephony		113	126	–4	–5	–14	–4	–3	–2	–4	–5	–3
		213	**226**	**–4**	**–7**	**–16**	**–4**	**–5**	**–3**	**–1**	**–7**	**–5**
Germany												
Mobile		160	205	–9	–14	–50	–9	–9	–13	–14	–14	–12
Fixed broadband		42	51	–3	–2	–8	–3	–2	–2	–2	–2	–2
Fixed telephony		217	261	–11	–26	–59	–11	–9	–13	–11	–26	–35
		419	**517**	**–23**	**–42**	**–117**	**–23**	**–20**	**–28**	**–27**	**–42**	**–49**
TOTAL												
Mobile		**15,566**	**15,031**	**3**	**43**	**384**	**3**	**–52**	**197**	**196**	**43**	**–88**
Fixed broadband		**538**	**563**	**–13**	**–6**	**–21**	**–13**	**–8**	**–2**	**–5**	**–6**	**–11**
Fixed telephony		**523**	**626**	**–27**	**–46**	**–122**	**–27**	**–23**	**–27**	**–26**	**–46**	**–55**
Other operations		**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL NUMBER OF CUSTOMERS AND NET INTAKE		**16,629**	**16,220**	**–37**	**–9**	**241**	**–37**	**–83**	**168**	**165**	**–9**	**–154**
Acquired companies	11			–	1,788	1,988	–	200	–	–	1,788	–
Changed method of calculation	2			–	27	23	–	–	–	–4	27	–22
TOTAL NUMBER OF CUSTOMERS AND NET CHANGE		**16,629**	**16,220**	**–37**	**1,806**	**2,252**	**–37**	**117**	**168**	**161**	**1,806**	**–176**

Net sales

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sweden										
Mobile		3,017	2,684	11,279	3,017	3,193	2,739	2,663	2,684	2,911
Fixed broadband		327	165	769	327	279	162	163	165	169
Fixed telephony		99	119	453	99	111	111	112	119	125
Other operations		489	85	695	489	447	83	80	85	94
		3,932	**3,053**	**13,196**	**3,932**	**4,030**	**3,095**	**3,018**	**3,053**	**3,299**
Lithuania										
Mobile		448	386	1,703	448	487	440	390	386	405
		448	**386**	**1,703**	**448**	**487**	**440**	**390**	**386**	**405**
Latvia										
Mobile		257	233	1,019	257	271	277	238	233	248
		257	**233**	**1,019**	**257**	**271**	**277**	**238**	**233**	**248**
Estonia										
Mobile		153	146	646	153	173	170	157	146	155
Fixed telephony		1	1	4	1	1	1	1	1	2
Other operations		10	10	44	10	15	10	9	10	11
		164	**157**	**694**	**164**	**189**	**181**	**167**	**157**	**168**
Netherlands										
Mobile	2	867	691	2,979	867	829	738	721	691	747
Fixed broadband		531	546	2,184	531	554	545	539	546	557
Fixed telephony		57	71	262	57	63	64	64	71	75
Other operations		128	137	540	128	140	133	130	137	134
		1,583	**1,445**	**5,965**	**1,583**	**1,586**	**1,480**	**1,454**	**1,445**	**1,513**
Kazakhstan										
Mobile		649	350	2,152	649	702	573	527	350	383
		649	**350**	**2,152**	**649**	**702**	**573**	**527**	**350**	**383**
Croatia										
Mobile		355	316	1,529	355	439	405	369	316	416
		355	**316**	**1,529**	**355**	**439**	**405**	**369**	**316**	**416**
Austria										
Mobile		4	–	8	4	4	3	1	–	–
Fixed broadband		184	193	763	184	195	189	186	193	192
Fixed telephony		30	33	128	30	33	30	32	33	35
Other operations		66	59	251	66	63	66	63	59	62
		284	**285**	**1,150**	**284**	**295**	**288**	**282**	**285**	**289**
Germany										
Mobile		87	101	382	87	94	94	93	101	102
Fixed broadband		27	32	122	27	30	31	29	32	32
Fixed telephony		46	54	204	46	51	49	50	54	59
		160	**187**	**708**	**160**	**175**	**174**	**172**	**187**	**193**
Other										
Mobile		32	13	75	32	24	21	17	13	–
Other operations		30	33	158	30	36	44	45	33	37
		62	**46**	**233**	**62**	**60**	**65**	**62**	**46**	**37**
TOTAL										
Mobile		**5,869**	**4,920**	**21,772**	**5,869**	**6,216**	**5,460**	**5,176**	**4,920**	**5,367**
Fixed broadband		**1,069**	**936**	**3,838**	**1,069**	**1,058**	**927**	**917**	**936**	**950**
Fixed telephony		**233**	**278**	**1,051**	**233**	**259**	**255**	**259**	**278**	**296**
Other operations		**723**	**324**	**1,688**	**723**	**701**	**336**	**327**	**324**	**338**
		7,894	**6,458**	**28,349**	**7,894**	**8,234**	**6,978**	**6,679**	**6,458**	**6,951**
Internal sales, elimination		**–19**	**–12**	**–57**	**–19**	**–17**	**–17**	**–11**	**–12**	**–8**
Sweden, mobile		–	–	–1	–	–1	–	–	–	–
Lithuania, mobile		–5	–5	–16	–5	–3	–5	–3	–5	–4
Latvia, mobile		–4	–1	–23	–4	–8	–9	–5	–1	–2
Estonia, mobile		–1	–	–1	–1	–1	–	–	–	–
Netherlands, mobile		–6	–	–	–6	–	–	–	–	–
Netherlands, other operations		–	–4	–11	–	–3	–2	–2	–4	–1
Croatia, mobile		–1	–	–	–1	–	–	–	–	–
Austria, mobile		–2	–	–2	–2	–1	–1	–	–	–
Other, other operations		–	–2	–3	–	–	–	–1	–2	–1
TOTAL		**7,875**	**6,446**	**28,292**	**7,875**	**8,217**	**6,961**	**6,668**	**6,446**	**6,943**

Mobile external net sales split

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sweden, mobile										
End-user service revenue		1,922	1,758	7,349	1,922	1,928	1,885	1,778	1,758	1,801
Operator revenue		203	218	875	203	212	220	225	218	243
Service revenue		2,125	1,976	8,224	2,125	2,140	2,105	2,003	1,976	2,044
Equipment revenue		739	540	2,420	739	902	479	499	540	706
Other revenue		153	168	634	153	150	155	161	168	161
		3,017	**2,684**	**11,278**	**3,017**	**3,192**	**2,739**	**2,663**	**2,684**	**2,911**
Lithuania, mobile										
End-user service revenue		259	226	968	259	262	251	229	226	224
Operator revenue		52	55	220	52	57	54	54	55	50
Service revenue		311	281	1,188	311	319	305	283	281	274
Equipment revenue		132	100	499	132	165	130	104	100	127
		443	**381**	**1,687**	**443**	**484**	**435**	**387**	**381**	**401**
Latvia, mobile										
End-user service revenue		154	140	600	154	159	158	143	140	146
Operator revenue		49	49	200	49	47	56	48	49	47
Service revenue		203	189	800	203	206	214	191	189	193
Equipment revenue		50	43	196	50	57	54	42	43	53
		253	**232**	**996**	**253**	**263**	**268**	**233**	**232**	**246**
Estonia, mobile										
End-user service revenue		109	102	431	109	112	112	105	102	106
Operator revenue		18	16	79	18	21	22	20	16	17
Service revenue		127	118	510	127	133	134	125	118	123
Equipment revenue		25	28	135	25	39	36	32	28	32
		152	**146**	**645**	**152**	**172**	**170**	**157**	**146**	**155**
Netherlands, mobile										
End-user service revenue	2	451	322	1,515	451	438	419	336	322	403
Operator revenue		55	43	193	55	52	53	45	43	42
Service revenue		506	365	1,708	506	490	472	381	365	445
Equipment revenue	2	355	326	1,271	355	339	266	340	326	302
		861	**691**	**2,979**	**861**	**829**	**738**	**721**	**691**	**747**
Kazakhstan, mobile										
End-user service revenue		495	265	1,555	495	470	426	394	265	253
Operator revenue		148	80	513	148	160	143	130	80	127
Service revenue		643	345	2,068	643	630	569	524	345	380
Equipment revenue		6	5	84	6	72	4	3	5	3
		649	**350**	**2,152**	**649**	**702**	**573**	**527**	**350**	**383**
Croatia, mobile										
End-user service revenue		214	202	866	214	222	231	211	202	207
Operator revenue		46	46	235	46	58	79	52	46	36
Service revenue		260	248	1,101	260	280	310	263	248	243
Equipment revenue		94	68	428	94	159	95	106	68	173
		354	**316**	**1,529**	**354**	**439**	**405**	**369**	**316**	**416**
Austria, mobile										
End-user service revenue		2	–	4	2	2	1	1	–	–
Operator revenue		–	–	1	–	1	–	–	–	–
Service revenue		2	–	5	2	3	1	1	–	–
Equipment revenue		–	–	1	–	–	1	–	–	–
		2	**–**	**6**	**2**	**3**	**2**	**1**	**–**	**–**
Germany, mobile										
End-user service revenue		87	101	382	87	94	94	93	101	102
		87	**101**	**382**	**87**	**94**	**94**	**93**	**101**	**102**
Other, mobile										
End-user service revenue		32	13	75	32	24	21	17	13	–
		32	**13**	**75**	**32**	**24**	**21**	**17**	**13**	**–**
TOTAL, MOBILE										
End-user service revenue		**3,725**	**3,129**	**13,745**	**3,725**	**3,711**	**3,598**	**3,307**	**3,129**	**3,242**
Operator revenue		**571**	**507**	**2,316**	**571**	**608**	**627**	**574**	**507**	**562**
Service revenue		**4,296**	**3,636**	**16,061**	**4,296**	**4,319**	**4,225**	**3,881**	**3,636**	**3,804**
Equipment revenue		**1,401**	**1,110**	**5,034**	**1,401**	**1,733**	**1,065**	**1,126**	**1,110**	**1,396**
Other revenue		**153**	**168**	**634**	**153**	**150**	**155**	**161**	**168**	**161**
TOTAL, MOBILE		**5,850**	**4,914**	**21,729**	**5,850**	**6,202**	**5,445**	**5,168**	**4,914**	**5,361**

EBITDA

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sweden										
Mobile		951	812	3,436	951	869	978	777	812	840
Fixed broadband		40	22	127	40	51	37	17	22	21
Fixed telephony		25	33	109	25	23	24	29	33	56
Other operations		75	27	164	75	85	29	23	27	29
		1,091	**894**	**3,836**	**1,091**	**1,028**	**1,068**	**846**	**894**	**946**
Lithuania										
Mobile		156	142	567	156	127	152	146	142	138
		156	**142**	**567**	**156**	**127**	**152**	**146**	**142**	**138**
Latvia										
Mobile		88	69	318	88	88	90	71	69	78
		88	**69**	**318**	**88**	**88**	**90**	**71**	**69**	**78**
Estonia										
Mobile		39	33	152	39	43	41	35	33	37
Fixed telephony		–	–	1	–	–	–	1	–	–
Other operations		3	2	15	3	6	4	3	2	4
		42	**35**	**168**	**42**	**49**	**45**	**39**	**35**	**41**
Netherlands										
Mobile	2–3	–48	–243	–930	–48	–231	–179	–277	–243	–150
Fixed broadband	3	128	124	439	128	127	98	90	124	116
Fixed telephony	3	8	18	47	8	10	8	11	18	7
Other operations	3	63	70	272	63	71	71	60	70	62
		151	**–31**	**–172**	**151**	**–23**	**–2**	**–116**	**–31**	**35**
Kazakhstan										
Mobile		122	6	221	122	92	79	44	6	–5
		122	**6**	**221**	**122**	**92**	**79**	**44**	**6**	**–5**
Croatia										
Mobile		19	11	102	19	22	49	20	11	29
		19	**11**	**102**	**19**	**22**	**49**	**20**	**11**	**29**
Austria										
Mobile		–11	–15	–67	–11	–18	–14	–20	–15	–14
Fixed broadband		49	46	177	49	51	42	38	46	36
Fixed telephony		16	17	65	16	17	16	15	17	20
Other operations		1	2	10	1	2	1	5	2	7
		55	**50**	**185**	**55**	**52**	**45**	**38**	**50**	**49**
Germany										
Mobile		28	40	133	28	33	30	30	40	18
Fixed broadband		6	6	21	6	8	4	3	6	6
Fixed telephony		30	28	141	30	40	46	27	28	36
		64	**74**	**295**	**64**	**81**	**80**	**60**	**74**	**60**
Other										
Mobile		–29	–10	–64	–29	–27	–14	–13	–10	–
Other operations		–36	–14	–122	–36	–30	–30	–48	–14	–34
		–65	**–24**	**–186**	**–65**	**–57**	**–44**	**–61**	**–24**	**–34**
TOTAL										
Mobile		**1,315**	**845**	**3,868**	**1,315**	**998**	**1,212**	**813**	**845**	**971**
Fixed broadband		**223**	**198**	**764**	**223**	**237**	**181**	**148**	**198**	**179**
Fixed telephony		**79**	**96**	**363**	**79**	**90**	**94**	**83**	**96**	**119**
Other operations		**106**	**87**	**339**	**106**	**134**	**75**	**43**	**87**	**68**
TOTAL		**1,723**	**1,226**	**5,334**	**1,723**	**1,459**	**1,562**	**1,087**	**1,226**	**1,337**

EBIT

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sweden										
Mobile		708	576	2,485	708	639	736	534	576	599
Fixed broadband		–26	–2	1	–26	–3	13	–7	–2	–1
Fixed telephony		22	29	94	22	20	19	26	29	51
Other operations		8	11	69	8	42	11	5	11	6
		712	**614**	**2,649**	**712**	**698**	**779**	**558**	**614**	**655**
Lithuania										
Mobile		124	116	455	124	94	124	121	116	110
		124	**116**	**455**	**124**	**94**	**124**	**121**	**116**	**110**
Latvia										
Mobile		54	35	185	54	51	59	40	35	43
		54	**35**	**185**	**54**	**51**	**59**	**40**	**35**	**43**
Estonia										
Mobile		14	13	56	14	16	16	11	13	8
Fixed telephony		–	–1	1	–	–	5	–3	–1	–
Other operations		1	–2	6	1	5	2	1	–2	5
		15	**10**	**63**	**15**	**21**	**23**	**9**	**10**	**13**
Netherlands										
Mobile	2–3	–146	–328	–1,335	–146	–368	–273	–366	–328	–223
Fixed broadband	3	–18	–	–95	–18	–14	–42	–39	–	–1
Fixed telephony	3	3	14	29	3	5	4	6	14	2
Other operations	3	44	54	207	44	54	54	45	54	46
		–117	**–260**	**–1,194**	**–117**	**–323**	**–257**	**–354**	**–260**	**–176**
Kazakhstan										
Mobile		–6	–57	–268	–6	–56	–63	–92	–57	–59
		–6	**–57**	**–268**	**–6**	**–56**	**–63**	**–92**	**–57**	**–59**
Croatia										
Mobile		–2	–6	27	–2	2	28	3	–6	–13
		–2	**–6**	**27**	**–2**	**2**	**28**	**3**	**–6**	**–13**
Austria										
Mobile		–14	–18	–79	–14	–22	–16	–23	–18	–17
Fixed broadband		33	24	88	33	29	19	16	24	11
Fixed telephony		13	14	52	13	14	13	11	14	16
Other operations		–2	–2	–5	–2	–1	–3	1	–2	1
		30	**18**	**56**	**30**	**20**	**13**	**5**	**18**	**11**
Germany										
Mobile		27	38	121	27	28	28	27	38	16
Fixed broadband		5	4	16	5	6	3	3	4	4
Fixed telephony		30	28	139	30	40	45	26	28	37
		62	**70**	**276**	**62**	**74**	**76**	**56**	**70**	**57**
Other										
Mobile		–30	–10	–65	–30	–28	–14	–13	–10	–
Other operations		–36	–10	–113	–36	–27	–29	–47	–10	–39
		–66	**–20**	**–178**	**–66**	**–55**	**–43**	**–60**	**–20**	**–39**
TOTAL										
Mobile		**729**	**359**	**1,582**	**729**	**356**	**625**	**242**	**359**	**464**
Fixed broadband		**–6**	**26**	**10**	**–6**	**18**	**–7**	**–27**	**26**	**13**
Fixed telephony		**68**	**84**	**315**	**68**	**79**	**86**	**66**	**84**	**106**
Other operations		**15**	**51**	**164**	**15**	**73**	**35**	**5**	**51**	**19**
		806	**520**	**2,071**	**806**	**526**	**739**	**286**	**520**	**602**
One-off items	3	–109	–365	–3,290	–109	–280	–2,550	–95	–365	–238
TOTAL		**697**	**155**	**–1,219**	**697**	**246**	**–1,811**	**191**	**155**	**364**

CAPEX

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sweden										
Mobile		62	160	665	62	203	193	109	160	169
Fixed broadband		32	18	78	32	38	17	5	18	50
Fixed telephony		1	1	12	1	3	4	4	1	3
Other operations		27	22	141	27	105	–4	18	22	19
		122	**201**	**896**	**122**	**349**	**210**	**136**	**201**	**241**
Lithuania										
Mobile	8	29	150	228	29	25	23	30	150	22
		29	**150**	**228**	**29**	**25**	**23**	**30**	**150**	**22**
Latvia										
Mobile		17	25	68	17	17	9	17	25	51
		17	**25**	**68**	**17**	**17**	**9**	**17**	**25**	**51**
Estonia										
Mobile		14	21	71	14	14	20	16	21	18
Other operations		–	–	–	–	–	–	–	–	1
		14	**21**	**71**	**14**	**14**	**20**	**16**	**21**	**19**
Netherlands										
Mobile		158	214	865	158	209	182	260	214	332
Fixed broadband		47	278	501	47	64	65	94	278	140
Fixed telephony		12	5	13	12	3	2	3	5	4
Other operations		14	22	62	14	13	10	17	22	21
		231	**519**	**1,441**	**231**	**289**	**259**	**374**	**519**	**497**
Kazakhstan										
Mobile		129	79	514	129	195	134	106	79	154
		129	**79**	**514**	**129**	**195**	**134**	**106**	**79**	**154**
Croatia										
Mobile		7	53	130	7	30	16	31	53	93
		7	**53**	**130**	**7**	**30**	**16**	**31**	**53**	**93**
Austria										
Mobile		–	3	7	–	1	1	2	3	7
Fixed broadband		9	8	48	9	16	11	13	8	31
Fixed telephony		1	1	4	1	1	1	1	1	2
Other operations		2	1	6	2	2	–	3	1	4
		12	**13**	**65**	**12**	**20**	**13**	**19**	**13**	**44**
Germany										
Mobile		–	–	1	–	1	–1	1	–	2
Fixed broadband		–	–	2	–	–	1	1	–	1
		–	**–**	**3**	**–**	**1**	**–**	**2**	**–**	**3**
Other										
Mobile		3	–	–	3	–	–	–	–	–
Other operations		63	93	415	63	138	95	89	93	99
		66	**93**	**415**	**66**	**138**	**95**	**89**	**93**	**99**
TOTAL										
Mobile		**419**	**705**	**2,549**	**419**	**695**	**577**	**572**	**705**	**848**
Fixed broadband		**88**	**304**	**629**	**88**	**118**	**94**	**113**	**304**	**222**
Fixed telephony		**14**	**7**	**29**	**14**	**7**	**7**	**8**	**7**	**9**
Other operations		**106**	**138**	**624**	**106**	**258**	**101**	**127**	**138**	**144**
TOTAL	8	**627**	**1,154**	**3,831**	**627**	**1,078**	**779**	**820**	**1,154**	**1,223**

Five-year summary

SEK million	Note	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016	2015	2014	2013
CONTINUING OPERATIONS							
Net sales		7,875	6,446	28,292	26,856	25,955	25,757
Numbers of customers (by thousands)		16,629	16,220	16,666	14,414	13,594	13,582
EBITDA		1,723	1,226	5,334	5,757	5,926	5,891
EBIT		697	155	–1,219	2,447	3,490	2,548
EBT		593	504	–1,234	2,012	3,500	1,997
Net profit/loss		401	339	–2,164	1,268	2,626	968
Key ratios							
EBITDA margin, %		21.9	19.0	18.9	21.4	22.8	22.9
EBIT margin, %		8.9	2.4	–4.3	9.1	13.4	9.9
Value per share (SEK)							
Net profit/loss	10	0.88	0.81	–4.12	2.77	5.74	2.12
Net profit/loss after dilution	10	0.88	0.80	–4.12	2.75	5.71	2.10
TOTAL							
Equity		18,657	19,464	18,196	17,901	22,682	21,591
Total assets		40,748	37,206	40,477	36,149	39,848	39,855
Cash flow from operating activities		1,025	953	5,017	3,529	4,578	5,813
Free cash flow		178	–154	1,217	–486	432	572
Available liquidity		10,795	8,354	10,042	7,890	8,224	9,306
Net debt	6	10,544	9,415	10,628	9,878	8,135	7,328
Economic net debt	6	10,310	9,397	10,437	9,878	8,135	7,328
Net investments in intangible and tangible assets, CAPEX		627	1,154	3,831	4,240	3,976	5,534
Key ratios							
Debt/equity ratio, multiple		0.57	0.48	0.58	0.55	0.36	0.34
Equity/assets ratio, %		46	52	45	50	57	54
ROCE, return on capital employed, %	10	9.2	5.6	–4.5	14.0	10.1	48.0
Average interest rate, %		2.4	2.9	2.7	4.1	4.7	5.2
Value per share (SEK)							
Net profit/loss	10	0.84	0.81	–4.34	6.52	4.83	31.90
Net profit/loss after dilution	10	0.84	0.80	–4.34	6.48	4.80	31.69
Equity	10	37.81	42.49	40.86	39.07	49.55	47.20
Cash flow from operating activities	10	2.04	2.08	11.10	7.70	10.00	12.71
Dividend, ordinary		–	–	5.23[1]	5.35	4.85	4.40
Extraordinary dividend		–	–	–	–	10.00	–
Redemption		–	–	–	–	–	28.00
Market price at closing day		85.55	75.30	73.05	84.75	94.95	72.85

[1] Proposed dividend

Parent company

Income statement

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
Net sales	15	5	28
Administrative expenses	–31	–19	–105
Operating loss, EBIT	**–16**	**–14**	**–77**
Dividend from group company	7,000	–	–
Exchange rate difference on financial items	–2	–32	–131
Net interest expenses and other financial items	–68	–58	–272
Profit/loss after financial items, EBT	**6,914**	**–104**	**–480**
Appropriations, group contribution	–	–	774
Tax on gain/loss	19	23	–65
NET GAIN/LOSS	**6,933**	**–81**	**229**

Balance sheet

SEK million	Note	Mar 31, 2017	Dec 31, 2016
ASSETS			
NON-CURRENT ASSETS			
Tangible assets		1	1
Financial assets		13,612	13,617
NON-CURRENT ASSETS		**13,613**	**13,618**
CURRENT ASSETS			
Current receivables		16,008	8,521
Cash and cash equivalents		–	4
CURRENT ASSETS		**16,008**	**8,525**
ASSETS		**29,621**	**22,143**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity	10	5,619	5,619
Unrestricted equity	10	12,982	6,026
EQUITY		**18,601**	**11,645**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	6	8,976	7,485
NON-CURRENT LIABILITIES		**8,976**	**7,485**
CURRENT LIABILITIES			
Interest-bearing liabilities	6	1,945	2,850
Non-interest-bearing liabilities		99	163
CURRENT LIABILITIES		**2,044**	**3,013**
EQUITY AND LIABILITIES		**29,621**	**22,143**

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report for the Group 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 RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board. Disclosures in accordance with IAS 34 Interim Financial Reporting are presented either in the Notes or elsewhere in the interim report.

Tele2 has presented this interim report in accordance with the accounting principles and calculation methods used in the 2016 Annual Report. The description of these principles and definitions, including non-IFRS measures, is found in the 2016 Annual Report, pages 34–41 and 76–77.

NOTE 2 NET SALES AND CUSTOMERS

Net sales

In Q1 2017, net sales in Netherlands was positively affected by a SEK 53 million revaluation of handset receivables.

In Q4 2015, net sales in Netherlands was positively affected by a net of SEK 90 million mainly due to benefit from a tax settlement with regards to VAT on postpaid subscriptions.

Customers

Number of customers has in Q2 2016 changed with -4,000 customers in Latvia, in Q1 2016 with 27,000 customers in Lithuania and in Q4 2015 with -22,000 customers in Croatia, without effecting the net intake due to implementation of new IT systems leading to more improved reporting of number of customers.

NOTE 3 OPERATING EXPENSES

EBITDA

In Q1 2017, the EBITDA in Netherlands was positively affected in total by SEK 95 million of which mobile by SEK 77 million, as a result mainly of the revaluation of handset receivables as stated in Note 2 and fixed broadband by SEK 18 million as a result of a settlement of a dispute.

In Q4 2016, a provision for a dispute was recorded in Netherlands affecting the EBITDA for mobile negatively by SEK 36 million.

In Q1 2016, the EBITDA in Netherlands was positively affected by SEK 73 million as a result of a resolved lease incentive in connection with termination of old property contracts of which mobile was impacted by SEK 47 million, fixed broadband SEK 19 million, fixed telephony SEK 3 million and other operations SEK 4 million.

Bridge from EBITDA to EBIT

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
EBITDA	**1,723**	**1,226**	**5,334**
Impairment of goodwill	–	–326	–2,825
Sale of operations	–	–	–1
Acquisition costs	–	–3	–61
Integration costs	–81	–2	–81
Challenger program	–28	–34	–322
Total one-off items	**–109**	**–365**	**–3,290**
Depreciation/amortization and other impairment	–917	–706	–3,263
EBIT	**697**	**155**	**–1,219**

One-off items in segment reporting

Definition of one-off items is stated in the 2016 Annual Report, page 76.

Impairment of goodwill

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
Netherlands	–	–	–2,481
Kazakhstan	–	–326	–344
Total impairment of goodwill	**–**	**–326**	**–2,825**
of which:			
–cost of service provided	–	*–326*	*–2,825*

In Q3 2016, an impairment loss on goodwill of SEK 2,456 million was recognized in cost of service provided referring to the cash generating unit Netherlands. The impairment loss was based on the estimated value in use of SEK 9.0 billion by using a pre-tax discount rate (WACC) of 13 percent. The impairment was recognized as a result of reassessment of future cash flow generation in Netherlands.

In Q1 2016, an impairment loss on goodwill of SEK 326 million was recognized referring to the cash generating unit Kazakhstan. The impairment was due to the macro environment, including the Tenge devaluation which implied weaker consumer purchase power and higher expenses. In addition, intense competitive pressure during Q1 eroded pricing power for all market participants. This also resulted during Q1 2016, in a decrease in the value of the put option obligation to the former non-controlling interest in Tele2 Kazakhstan, which represents an 18 percent economic interest in the jointly owned company with Kazakhtelecom, with a positive effect in the income statement of SEK 413 million reported under financial items (Note 4).

Acquisition costs

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
TDC, Sweden	–	–	–35
Altel, Kazakhstan	–	–3	–24
Other acquisitions	–	–	–2
Total acquisition costs	**–**	**–3**	**–61**
of which:			
–administrative expenses	–	*–3*	*–61*

Integration costs

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
TDC, Sweden	–74	–	–36
Altel, Kazakhstan	–7	–2	–45
Total integration costs	**–81**	**–2**	**–81**
of which:			
–cost of service provided	*–30*	–	*–15*
–selling expenses	*–23*	–	*–5*
–administrative expenses	*–28*	*–2*	*–61*
of which:			
–redundancy costs	*–57*	*–2*	*–28*
–other employee and consultancy costs	*–10*	–	*–36*
–exit of contracts and other costs	*–14*	–	*–17*

Challenger program: restructuring costs

At the end of 2014, Tele2 announced its Challenger program, which is a program to step change productivity in the Tele2 Group. The program will strengthen the organization further and enable it to continue to challenge the industry. The costs associated with the program are reported as one-off items as defined by Tele2's definition of EBITDA and in the income statement on the following line items.

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
Costs of service provided	–2	–9	–19
Selling expenses	–1	–	–8
Administrative expenses	–25	–25	–295
Total Challenger program costs	**–28**	**–34**	**–322**
of which:			
–redundancy costs	*–8*	*–5*	*–184*
–other employee and consultancy costs	*–19*	*–28*	*–120*
–exit of contracts and other costs	*–1*	*–1*	*–18*

NOTE 4 OTHER FINANCIAL ITEMS

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

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
Change in fair value, earn out Kazakhstan	–38	–	–100
Change in fair value, put option Kazakhstan	–	413	413
Exchange rate differences	10	9	2
EUR net investment hedge, interest component	–1	–1	–5
Sale of Modern Holding Inc	–	–	–2
Other financial expenses	–2	–3	–11
Total other financial items	**–31**	**418**	**297**

The put-option obligation in Kazakhstan was in Q1 2016 replaced with an earn-out obligation representing 18 percent economic interest in the jointly owned company in Kazakhstan. To cover for the estimated earn-out obligation, that is based on fair value, the earn-out obligation was on March 31, 2017 and December 31, 2016 valued at SEK 138 (100) million and reported as a financial liability with fair value changes reported as financial items in the income statement. The change in fair value on December 31, 2016 was due to an improved outlook, in light of the positive business development during 2016 as well as reaching a significant share of the integration milestones. The change in Q1 2017 is related to a continuation of the positive trends in the Kazakhstan operation. The fair value estimate is sensitive to changes in key assumptions supporting the expected future cash flows for the jointly owned company in Kazakhstan. A deviation from the current assumptions regarding fair value would impact the earn-out liability.

In Q1 2016, part of the put option obligation to the former non-controlling interest in Tele2 Kazakhstan was settled and SEK 125 million was paid to the previous non-controlling interest. The remaining part of the fair value of the put option obligation was in Q1 2016 changed to zero affecting financial items in the income statement positively by SEK 413 million. The reason for the change in fair value in Q1 2016 was due to the macro environment, including the Tenge devaluation which implied weaker consumer purchase power and higher expenses. In addition, intense competitive pressure during Q1 2016 eroded pricing power for all market participants.

NOTE 5 TAXES

The difference between recorded tax expense for the Group and the tax expense based on tax rate in Sweden of 22 percent, consists of the below listed components.

SEK million	2017 Jan 1–Mar 31		2016 Jan 1–Mar 31		2016 Full year	
Profit/loss before tax	**593**		**504**		**–1,234**	
Tax expense/income						
Theoretic tax according to tax rate in Sweden	–130	–22.0%	–111	–22.0%	271	22.0%
Tax effect of						
Impairment of goodwill, non-deductible	–	–	–65	–12.9%	–689	–55.8%
Change in fair value, Kazakhstan:						
–earn-out	–8	–1.3%	–	–	–22	–1.8%
–put option	–	–	91	18.1%	91	7.4%
Valuation tax loss-carry forwards	19	3.2%	40	7.9%	40	3.2%
Not valued tax loss-carry forwards	–58	–9.8%	–111	–22.0%	–510	–41.3%
Adjustment due to changed tax rate	–	–	–	–	–140	–11.4%
Other	–15	–2.5%	–9	–1.8%	29	2.3%
Tax expense and effective tax rate	**–192**	**–32.4%**	**–165**	**–32.7%**	**–930**	**–75.4%**

In Q1 2017, taxes were positively affected by a valuation of deferred tax assets in Germany of SEK 19 (40) million.

In Q3 2016, net taxes were negatively impacted by SEK –140 million due to revaluation of deferred tax assets in Luxembourg as a consequence of reduced tax rates.

NOTE 6 FINANCIAL ASSETS AND LIABILITIES

Net debt and economic net debt

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2015 Full year	2014 Full year	2013 Full year
Interest-bearing non-current and current liabilities	12,765	10,711	12,431	10,991	9,190	9,430
Excluding provisions	–1,411	–988	–1,399	–926	–807	–679
Excluding equipment financing	–50	–69	–70	–	–	–
Cash & cash equivalents, current investments and restricted funds	–760	–218	–279	–139	–189	–1,413
Other financial interest-bearing receivables (swap agreements etc)	–	–21	–55	–48	–47	–10
Net debt for assets classified as held for sale	–	–	–	–	–12	–
Net debt	**10,544**	**9,415**	**10,628**	**9,878**	**8,135**	**7,328**
Excluding:						
–liabilities to Kazakhtelecom	–26	–18	–24	–	–	–
–loan guaranteed by Kazakhtelecom	–70	–	–67	–	–	–
–liability for earn-out obligation Kazakhstan	–138	–	–100	–	–	–
Economic net debt	**10,310**	**9,397**	**10,437**	**9,878**	**8,135**	**7,328**

Financing

	Interest-bearing liabilities			
	Mar 31, 2017		Dec 31, 2016	
SEK million	Current	Non-current	Current	Non-current
Bonds SEK, Sweden	1,751	7,732	2,153	6,237
Bonds NOK, Sweden	–	–	188	–
Commercial papers, Sweden	–	–	300	–
Financial institutions	26	1,265	305	1,266
	1,777	**8,997**	**2,946**	**7,503**
Provisions	137	1,274	147	1,252
Other liabilities	283	297	308	275
	2,197	**10,568**	**3,401**	**9,030**
Total interest-bearing liabilities		**12,765**		**12,431**

In January 2017, Tele2 completed the issuance of a SEK 700 million increase (tap) of its March 2022 bond. The bond has a floating coupon rate of STIBOR 3m +1.55 percent, is issued under the Tele2 EMTN program and listed on the Luxembourg exchange.

On February 24, 2017 Tele2 completed the issuance of a SEK 800 million bond in the Swedish bond market. The bond has a final maturity of 6 years with a fixed rate coupon of 2 percent. The bond is issued under the Tele2 EMTN program and is listed on the Luxembourg exchange. The issuance was done in combination with a repurchase of SEK 400 million of the Tele2 bond maturing in May 2017.

Tele2 has a EUR 800 million credit facility with a syndicate of 11 banks. The facility has a tenor of five years with two one-year extension options. In Q1 2017, the facility was extended with one year to 2022. In 2016, Tele2 entered into a six-year loan agreement with European Investment Bank (EIB) amounting to EUR 125 million. On March 31, 2017 both facilities were unutilized.

At the time of the acquisition of Tele2 Kazakhstan the company had an existing interest free liability to the former owner Kazakhtelecom. On March 31, 2017 and December 31, 2016 the reported debt amounted to SEK 26 (24) million and the nominal value to SEK 332 (319) million.

Transfer of right of payment of receivables

In Q1 2016 and onwards, Tele2 Sweden has started to transfer the right for payment of certain operating receivables to financial institutions. The obligation that occur when receiving payment from financial institutions, connected to the transfer of right of payment of receivables for sold handsets and other equipment, has been netted against the receivables in the balance sheet and resulted in a positive effect on cash flow. During 2017, the right of payment transferred to third parties without recourse or remaining credit exposure for Tele2 corresponded to SEK 417 (1,447) million, of which SEK 417 (283) million in Q1 2017.

Classification and fair values

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers as well as cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds and accounts payables. Classification of financial assets and liabilities including their fair value is presented below. During 2017, no transfers were made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions.

	Mar 31, 2017					
SEK million	Assets and liabilities at fair value through profit/loss (level 3)	Loans and receiv-ables	Derivative instruments designated for hedge accounting	Financial liabilities at amor-tized cost	Total reported value	Fair value
Other financial assets	1	1,223	–	–	1,224	1,224
Accounts receivables	–	2,517	–	–	2,517	2,517
Other current receivables	–	3,397	–	–	3,397	3,397
Current investments	–	7	–	–	7	7
Cash and cash equivalents	–	752	–	–	752	752
Total financial assets	**1**	**7,896**	**–**	**–**	**7,897**	**7,897**
Liabilities to financial institutions and similar liabilities	–	–	–	10,774	10,774	10,831
Other interest-bearing liabilities	164	–	196	220	580	616
Accounts payable	–	–	–	2,733	2,733	2,733
Other current liabilities	–	–	–	1,232	1,232	1,232
Total financial liabilities	**164**	**–**	**196**	**14,959**	**15,319**	**15,412**

	Dec 31, 2016					
SEK million	Assets and liabilities at fair value through profit/loss (level 3)	Loans and receiv-ables	Derivative instruments designated for hedge accounting	Financial liabilities at amor-tized cost	Total reported value	Fair value
Other financial assets	1	1,171	–	–	1,172	1,172
Accounts receivables	–	2,584	–	–	2,584	2,584
Other current receivables	–	3,717	55	–	3,772	3,772
Current investments	–	21	–	–	21	21
Cash and cash equivalents	–	257	–	–	257	257
Total financial assets	**1**	**7,750**	**55**	**–**	**7,806**	**7,806**
Liabilities to financial institutions and similar liabilities	–	–	–	10,449	10,449	10,343
Other interest-bearing liabilities	124	–	217	242	583	597
Accounts payable	–	–	–	3,462	3,462	3,462
Other current liabilities	–	–	–	1,037	1,037	1,037
Total financial liabilities	**124**	**–**	**217**	**15,190**	**15,531**	**15,439**

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

	Mar 31, 2017		Dec 31, 2016	
SEK million	Assets	Liabilities	Assets	Liabilities
As of January 1	**1**	**124**	**9**	**541**
Changes in fair value:				
-earn-out Kazakhstan	–	38	–	100
-put-option Kazakhstan	–	–	–	–413
Divestment of shares	–	–	–8	–
Payment of liability	–	–	–	–125
Other contingent considerations	–	2	–	24
Exchange rate differences*	–	–	–	–3
As of the end of the period	**1**	**164**	**1**	**124**

* recognized in other comprehensive income

In Q4 2016, a liability was reported for estimated deferred consideration to the former owner of TDC, Sweden. The estimated fair value of the deferred consideration amounted on March 31, 2017 and December 31, 2016 to SEK 12 (12) million. The fair value was calculated based on expected future cash flows.

In Q3 2016, a liability was reported for contingent deferred consideration to the former owners of Kombridge, Sweden. The estimated fair value of the deferred consideration amounted on March 31, 2017 and December 31, 2016 to SEK 14 (12) million. The fair value was calculated based on expected future cash flows at which a maximum turnout has been assumed.

In Q1 2016, an initial purchase price of SEK 125 million was paid to the former non-controlling shareholder Asianet in Tele2 Kazakhstan for its 49 percent stake. According to the agreement between the parties Asianet has right to 18 percent of the economic interest in the jointly owned company with Kazakhtelecom. The estimated fair value of the deferred consideration amounted on March 31, 2017 and December 31, 2016 to SEK 138 (100) million. The fair value was calculated based on expected future cash flows of the jointly owned company, please refer to Note 4.

NOTE 7 RELATED PARTIES

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

SEK million	2017 Mar 31	2016 Dec 31	2016 Sep 30	2016 Jun 30	2016 Mar 31	2015 Dec 31
Cash and cash equivalents in joint operations	17	60	12	7	42	34

As part of the business combination in Q1 2016, of Tele2's and Kazakhtelecom's operations in Kazakhstan, Kazakhtelecom have 49 percent of the voting rights in the combined company. Tele2 and Kazakhtelecom sell and purchases telecommunication services from each other. Business relations and pricing between the parties are based on commercial terms and conditions. Apart from transactions with joint operations, and previously described transactions, no other significant related party transactions were carried out during 2017. Other related parties are presented in Note 37 of the 2016 Annual Report.

NOTE 8 CAPEX

Bridge from CAPEX to paid CAPEX

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year
CAPEX	**–627**	**–1,154**	**–3,831**
This year's unpaid CAPEX and paid CAPEX from previous year	–229	32	6
Received payment of sold non-current assets	9	15	25
Paid CAPEX	**–847**	**–1,107**	**–3,800**

In Q1 2016, CAPEX for Lithuania was affected by SEK 123 million related to licenses in the 900 and 1800 MHz bands. SEK 26 million was paid during Q1 2016 and the remaining part will be paid over 15 years of the license lifespan.

NOTE 9 CONTINGENT LIABILITIES AND ASSETS

SEK million	Mar 31, 2017	Dec 31, 2016
Asset dismantling obligation	151	151
KPN dispute, Netherlands	221	222
Factoring dispute, Croatia	123	–
Total contingent liabilities	**495**	**373**

Contingent assets

In May 2016, the Stockholm District Court ordered Telia to pay damages to Tele2 concerning Telia's abuse of its dominant position on wholesale ADSL-services. The judgement has been appealed by both parties and the Court of Appeal has granted leave to appeal. Due to the uncertainty in the final outcome Tele2 has not recognized any benefits from the judgement.

Contingent liabilities

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

Tele2 Netherlands is, in the ordinary course of its business, involved in several regulatory complaints and disputes pending with the appropriate governmental authorities. In a specific case regarding the rental fees of copper lines, which Tele2 Netherlands uses as part of its fixed operations, the regulator (ACM) has determined that the rental fees are to be adjusted with retroactive effect from 2009. On July 21, 2015 the Supreme Administrative Court (CBb) ruled that ACM had no powers to impose any deduction on the WPC IIA price caps from 2009 till now. This resulted in an additional claim from KPN of EUR 14.5 million for the first 3 years (2009–2011), which were previously deducted by ACM in their ruling. Together with the claim for the period 2012–July 2014 this has resulted in a total claim from KPN for the time period 2009–July 2014 amounting to EUR 23.2 million (SEK 221 million) excluding interest, which is subject to pending appeals and court cases expected to go on for several years. On April 12, 2017 the Rotterdam Civil Court passed a ruling in which the court in principle ruled in favor of KPN. The ruling may however be appealed and ACM is also in a position to reduce KPN's potential claims based on regulatory grounds. We are still analyzing the ruling and our current and initial assessment is that Tele2 do not have to make any provision.

Tele2 Croatia has as part of its ordinary course of business entered into factoring agreements with Croatian banks, whereby Tele2 assigns to the banks some of its accounts receivables relating to third party distribution of prepaid vouchers. One of the third-party distributors, Tisak, is part of the Croatian Agrokor Group that currently is facing liquidity and solvency problems. Since the banks have not been able to collect payment for assigned and due accounts receivables from Tisak, they have instead requested payment from Tele2. On March 31, 2017 the total outstanding receivables to the banks amount to HRK 96 million (SEK 123 million). On April 7, 2017 a new Croatian law was adopted under which the Agrokor Group has applied and been granted so called extraordinary management with the aim to improve the Group's financial status. The implications of the extraordinary management of the Agrokor Group are not yet known in detail but we anticipate that the management regime will lead to Tisak having the possibility to cover its debts to the banks. Our assessment is therefore that it is not probable that Tele2 will have to pay the banks and consequently no provision has been made. In addition to the factoring agreements, the carrying value of receivables due from Tisak at March 31, 2017 amounts to HRK 39 million (SEK 51 million).

Additional information about contractual commitments is provided in Note 29 in the 2016 Annual Report.

NOTE 10 EQUITY AND NUMBER OF SHARES

Number of shares

	Mar 31, 2017	Dec 31, 2016
Number of shares		
Outstanding	502,350,065	502,350,065
In own custody	4,549,947	4,549,947
Weighted average	502,350,065	452,146,472
After dilution	504,659,812	505,041,442
Weighted average, after dilution	504,974,125	454,887,620

In Q1 2017, Tele2 resolved SEK 7 million of the 2016 year accrual for new issue costs.

Changes of number of shares during previous year are stated in Note 24 in the 2016 Annual Report.

Outstanding share rights

	Mar 31, 2017	Dec 31, 2016
Number of outstanding share rights		
LTI 2016–2019	1,118,175	1,195,370
LTI 2015–2018	783,009	837,616
LTI 2014–2017	413,762	668,560
of which will be settled in cash	*5,199*	*10,169*
Total outstanding share rights	**2,314,946**	**2,701,546**

All outstanding long-term incentive programs (LTI 2014, LTI 2015 and LTI 2016) are based on the same structure and additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 33 of the 2016 Annual Report. During the first three months 2017, the total cost before tax for the long-term incentive programs (LTI) amounted to SEK 9 (–1) million. The lower cost in 2016 was an effect of the negative impact that the impairment in Tele2 Netherlands had on the vesting conditions in the LTI programs.

LTI 2014

The exercise of the share rights in LTI 2014 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2014 until March 31, 2017. The outcome of these performance conditions was in accordance with below and the outstanding share rights of 408,563 will be exchanged for shares in Tele2 and 5,199 share rights for cash during Q2 2017.

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	42.6%	100%
Series B	Average normalised Return on Capital Employed (ROCE)	9%	12%	7.2%	0%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	36.4%	100%

Dividend

Tele2's Board of Directors has proposed a dividend of SEK 5.23 per share in respect of the financial year 2016 at the Annual General Meeting in May 2017. This corresponds to a total of SEK 2,629 million.

Transactions with non-controlling interests

The transaction with Kazakhtelecom, which is described in Note 24 of the 2016 Annual Report, resulted in Q1 2016, in a positive effect in equity attributable to the equity holders of the parent company of SEK 1,143 million. The positive effect mainly refers to Kazakhtelecom's contribution of Altel to Tele2 in exchange for Kazakhtelecom becoming partly owner of Tele2 Kazakhstan. As part of setting up the new structure in Kazakhstan, an initial purchase price of SEK 125 million was paid during Q1 2016 to the former non-controlling shareholder Asianet in Tele2 Kazakhstan for its 49 percent stake.

ROCE, return on capital employed

SEK million	2017 Jan 1–Mar 31	2016 Jan 1–Mar 31	2016 Full year	2015 Full year	2014 Full year	2013 Full year
EBIT, total operation	679	155	–1,319	4,149	3,102	16,339
Financial income, total operation	5	5	18	9	26	55
Return[1]	**684**	**160**				
Annualised return	**2,736**	**1,618**	**–1,301**	**4,158**	**3,128**	**16,394**
in relation to						
Total assets	40,748	37,206	40,477	36,149	36,015	39,407
Non-interest bearing liabilities	–9,326	–7,031	–9,850	–7,257	–7,227	–8,781
Provisions for asset dismantling	–1,176	–833	–1,160	–771	–634	–488
Capital employed for assets classified as held for sale	–	–	–	–	3,098	395
Capital employed, closing balance	30,246	29,342	29,467	28,121	31,252	30,533
Capital employed, average	**29,857**	**28,732**	**28,794**	**29,687**	**30,893**	**34,132**
ROCE, %	**9.2**	**5.6**	**–4.5**	**14.0**	**10.1**	**48.0**

[1] Including impairment of goodwill of SEK – (–326) million

NOTE 11 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2017 Jan 1–Mar 31	2016 Full year
Acquisitions		
TDC, Sweden	–	–2,910
Altel, Kazakhstan	–	42
Kombridge, Sweden	–	–9
Capital contribution to joint ventures	–	–1
Total acquisition of shares and participations	**–**	**–2,878**
Divestments		
Transaction costs, Russia	–	–2
Other divestments	–	4
Total sale of shares and participations	**–**	**2**
TOTAL CASH FLOW EFFECT	**–**	**–2,876**

DISCONTINUED OPERATIONS

Discontinued operations refer to provisions for Russian tax disputes related to the previously sold operations in Russia, with a negative effect on net profit/loss of SEK 18 (100) million.