



FOR IMMEDIATE RELEASE  
Wednesday, April 21, 2004

## **IN THE FIRST QUARTER 2004 TELE2 INCREASED ITS REVENUES BY 20% WHILE OPERATING CASH FLOW INCREASED TO SEK 1.6 BILLION**

New York and Stockholm – Wednesday, April 21, 2004 – Tele2 AB (“Tele2”, “the Group”) (Nasdaq Stock Market: TLTOA and TLTOB and Stockholmsbörsen: TEL2A and TEL2B), the leading and profitable alternative pan-European telecom operator, today announced its consolidated results for the first quarter ended March 31, 2004.

- **Operating revenue increased by 20% to MSEK 10,379 (MSEK 8,616)**
- **Profit after tax increased to MSEK 286 (MSEK 187)**
- **Earnings per share after tax increased to SEK 1.93 (SEK 1.27)**
- **Net intake of 1.6 million customers**
- **Cash flow after investing activities amounted to MSEK 1,211 (MSEK 372)**
- **Operating revenue growth of 60% in Central Europe**

The figures shown in parenthesis correspond to the comparable periods in 2003 and all negative amounts are distinguished with a minus sign.

### **Lars-Johan Jarnheimer, President and CEO of Tele2 AB commented:**

“With the first quarter 2004 results, Tele2 continues to maintain the balance between customer growth, profitability and cash flow. We added another 1.6 million customers in the first quarter, and there are now close to 24 million customers in Europe that subscribe to our services. With this strong customer intake and more than 20% growth in operating revenue, we still generated positive cash flow after investing activities of SEK 1.2 billion. Notably this was done in a period with tough competition in Sweden, with investments in ADSL, the UK, Russia and other markets and in the wake of a number of new service start-ups across our footprint. We are proud of this, because it clearly shows that the business model we so strongly believe in truly works.

The declining ARPU is mainly related to our entry into former Eastern European countries and the growth in dial-up Internet customers. These areas offer high revenue growth and low subscriber acquisition costs but also lower ARPU's.

Despite heavy marketing efforts from the historical operator in Sweden, we are pleased with the performance within both our mobile and our fixed line operations. We managed to grow the fixed telephony and Internet business by 7% in Sweden, and to increase its EBITDA margin to 20%. We have seen the positive impact from the introduction of resale of the fixed line subscription fee in both Denmark and Norway, and look forward to the introduction of this service in Sweden towards the year-end.

Central Europe grew its revenue by 60% with a record 635,000 new customers in the first quarter, driven by Germany, which showed a good trend in combining strong growth with stable EBITDA development. We added another 662,000 customers in Southern Europe, where the operation generated an EBITDA margin of 5% in spite of our commitments to the UK and Portugal launches. The market area Benelux continued its steady improvement in profitability, generating an EBITDA margin of 11% in the first quarter.

Our focus, which has proven to be highly successful, continues to be on low customer acquisition cost, churn management and operational cost control.”

## FINANCIAL AND OPERATING HIGHLIGHTS

### Financial highlights for the quarter ended March 31

SEK millions	Q1, 2004	Q1, 2003
<b>Operating Revenue</b>	<b>10,379</b>	<b>8,616</b>
<b>EBITDA (i)</b>	<b>1,522</b>	<b>1,480</b>
<b>EBITA (ii)</b>	<b>1,044</b>	<b>1,044</b>
<b>EBIT (iii)</b>	<b>664</b>	<b>669</b>
<b>EBT (iv)</b>	<b>619</b>	<b>491</b>
<b>Operating cash flow</b>	<b>1,629</b>	<b>1,376</b>
<b>Cash flow after investments</b>	<b>1,211</b>	<b>372</b>

- (i) Operating profit before depreciation and amortization
- (ii) Operating profit before amortization
- (iii) Operating profit after depreciation and amortization
- (iv) Profit after financial items

### Operating highlights for the quarter ended March 31, 2004

- Continued strong growth in customers and operating revenue with a net customer intake of 1.6 million and an operating revenue growth of 20%. Operating revenue in Central Europe increased by 60% with a record net customer intake of 635,000, mainly driven by the positive development in Germany.
- Tele2's Swedish fixed telephony and Internet operations grew operating revenue by 7% and increased their EBITDA margin to 20% while competition remained at a high level.
- As expected, the introduction of resale of the fixed line subscription fee in Norway in Q4 2003 has had a positive impact on Norway's performance, thanks to lower churn and a more attractive product offering. This follows on from a similar impact in Denmark. Tele2 is awaiting the introduction of resale of the fixed line subscription fee in Sweden by the end of the year.
- Tele2 launched an MVNO in Finland in February, using an online acquisition method. This follows on from the MVNO launched in Norway in Q4 2003, which has shown strong customer intake, helped by acquisition through its online service.
- The eighth Russian GSM network, in Nizhny Novgorod, was launched in February 2004. Subsequently in April, two further GSM networks were launched in Kursk and Chelyabinsk. In Russia, Tele2 plans to have converted all its analogue networks to GSM by this summer.
- In April 2004 Tele2 announced that it had launched fixed line residential operations in Hungary.
- IP telephony was launched in Sweden in April.

## OPERATIONAL REVIEW BY MARKET AREA

### **Nordic**

**Operating revenue Q1 2004**, MSEK 3,324 (3,171), +5%

**EBITDA Q1 2004**, MSEK 976 (1,019), -4%

**EBIT Q1 2004**, MSEK 757 (790), -4%

The market area Nordic encompasses operations in Sweden (including Optimal Telecom), Norway, Denmark and Finland and Datametrix operations.

Operating revenue in the market area Nordic grew by 5%, with growth in all four countries.

The mobile operations in Sweden reported 3.4 million customers at March 31, 2004, an increase of 8% since March 31, 2003. Monthly average revenue per mobile user (ARPU), including both postpaid and prepaid customers, was SEK 152 (168) in Q1 2004 and mobile minutes of usage (MoU) was 83 (83). Prepaid mobile customers accounted for 76% of the total mobile customer base.

Competition in Sweden remained at a high level in Q1 2004, within both mobile and fixed telephony. Mobile margins were maintained at a similar level as in Q4 2003, although the mobile business further lowered its interconnect rates, indicating that the dilution of mobile margins has eased.

Despite heavy marketing efforts from the incumbent, Tele2's fixed telephony and Internet operation in Sweden managed to generate operating revenue growth of 7% while its EBITDA margin increased to 20%. Tele2 achieved this by adjusting to changes in the competitive environment, to ensure that customers are offered the best prices. As a further consequence of this, Tele2 reduced its workforce in Sweden in April by some 60 employees. This reduction is estimated to lead to annual cost savings in the range of MSEK 50-60 and a one-time charge to be taken in the second quarter in the range of MSEK 30-50.

Tele2 awaits the introduction of resale of the fixed line subscription fee in Sweden, which should benefit the fixed line business, in the same way as it has in Denmark and Norway.

Tele2 plans to launch 3G services in Sweden during the summer and will buy network capacity from Svenska UMTS nät AB, the 3G joint venture.

Growth in the market area Nordic, excluding Sweden, was significant. The main part of this is due to the strong performance in Norway and Denmark. Tele2's operations in Norway were helped by the successful introduction of resale of the fixed line subscription fee in Q4 2003, following on from a similar impact in Denmark in terms of a more attractive product offering and lower churn.

The MVNO, launched in Norway in Q4 2003, is going well and the customer intake has been strong, helped by acquisition through its online service. Tele2 launched an MVNO in Finland in February, also using an online acquisition method.

### **Baltic & Russia**

**Operating revenue Q1 2004**, MSEK 726 (570), +27%

**EBITDA Q1 2004**, MSEK 226 (217), +4%

**EBIT Q1 2004**, MSEK 91 (139), -35%

The market area Baltic & Russia encompasses operations in the Baltic (Estonia, Latvia and Lithuania) and Russia.

Mobile ARPU for Baltic & Russia, including both postpaid and prepaid customers, was SEK 102 (129) in Q1 2004, somewhat diluted by the growth in Russia. The lower customer intake in the market area Baltic & Russia in the quarter followed on from a record intake in Q4 2003, and showed a similar trend to Q1 2003.

The eighth Russian GSM network, in Nizhny Novgorod, was launched in February 2004. Tele2 is optimistic about the growth potential in the Russian market, although it still represents a minor part of sales in the market area Baltic & Russia.

During the period the depreciation of our AMPS networks in Russia has accelerated as a result of our GSM rollout.

Tele2 Lithuania launched fixed telephony services in February 2004.

### Central Europe

**Operating revenue Q1 2004**, MSEK 1,157 (722), +60%  
**EBITDA Q1 2004**, MSEK 8 (-92)  
**EBIT Q1 2004**, MSEK -35 (-131)

The market area Central Europe encompasses operations in Germany, Austria, Poland and the Czech Republic.

Central Europe continued its rapid growth during the first quarter, mainly driven by Germany, which is the largest operation in the market area. In Germany, Tele2 has managed to combine strong growth with a stable EBITDA development. Fixed line ARPU for the market area was SEK 114 (144) for Q1 2004. The strong growth in Poland and the Czech Republic has had a significant dilutive effect on the market area's ARPU.

Only twelve months after the launch in Poland, Tele2 has brand recognition of over 50%, and is now the largest alternative operator both in Poland and the Czech Republic.

### Southern Europe

**Operating revenue Q1 2004**, MSEK 4,084 (3,298), +24%  
**EBITDA Q1 2004**, MSEK 187 (296), -37%  
**EBIT Q1 2004**, MSEK 138 (248), -44%

The market area Southern Europe encompasses operations in France, Italy, Spain, Switzerland, Portugal and the UK and C<sup>3</sup> operations. UK customer intake since the launch in October 2003 is included in the Q1 2004 numbers.

Fixed line ARPU for Southern Europe was SEK 188 (201) for Q1 2004. A positive MSEK 50 from retroactive interconnect cuts impacted the comparable results and hence ARPU for Southern Europe.

In Q4 2003 Tele2 decided to grab the opportunity presented by ADSL. This entailed a significant financial commitment, which accelerated in Q1 2004. Around 10% of the total customer base in Southern Europe is dial-up Internet and ADSL customers. Although the bulk of these are dial-up Internet customers, the ADSL intake has surpassed dial-up Internet intake in the past six months. Southern Europe's customer base in Q1 2003 did not include ADSL customers and only a small portion of dial-up Internet customers. ADSL customers have an ARPU enhancing effect. However, when combined with the effect on ARPU from Internet customers, the overall impact is dilutive.

Tele2's entry into the UK residential fixed telephony market in Q4 2003, which is estimated to require initial marketing investments of some MSEK 500 during the first year of launch, has accordingly affected the results in Q1 2004. The UK operations are performing according to plan.

### Benelux

**Operating revenue Q1 2004**, MSEK 1,042 (818), +27%  
**EBITDA Q1 2004**, MSEK 114 (30), +280%  
**EBIT Q1 2004**, MSEK 81 (-8)

The market area Benelux includes operations in the Netherlands, Luxembourg (including Tango), Liechtenstein and Belgium and Transac.

Fixed line ARPU for Benelux was SEK 151 (164) for Q1 2004.

Benelux experienced strong revenue growth in the first quarter 2004, combined with improved profitability in all product segments. Belgium's successful launch of fixed line services last year has significantly contributed to the positive trend.

## **Services**

**Operating revenue Q1 2004**, MSEK 46 (37), +24%

**EBITDA Q1 2004**, MSEK 11 (10), +10%

**EBIT Q1 2004**, MSEK 2 (4), -50%

The market area Services includes 3C operations, ProcureITright, Radio Components and X-Source operations.

## **OTHER ITEMS**

### **Investments**

In Q1 2004, Tele2 increased its holding in the mobile operation in St Petersburg, Russia.

### **Contingent liabilities**

At March 31, 2004 contingent liabilities for Tele2 were MSEK 450 compared with MSEK 363 at December 31, 2003. The change is related to surety bonds benefiting associated companies according to Note 7. The balance sheet for the associated company Svenska UMTS-nät AB is stated in Note 7.

### **Parent company**

At the Parent company level, Tele2 reported at March 31, 2004 operating revenue of MSEK 4 (6), EBIT of MSEK -14 (-24) and liquidity MSEK 38 compared to MSEK 1 at December 31, 2003.

### **Company disclosure**

The Annual General Meeting (AGM) is to be held at 1:30 pm local time on Wednesday, May 12, 2004 at Brasserie by the Sea, Tulhus 2, Skeppsbron in Stockholm.

Tele2 will release the financial and operating result for the period ended June 30, 2004 on August 2, 2004.

**Stockholm, April 21, 2004**

**Lars-Johan Jarnheimer**

**President and CEO, Tele2 AB**

## **REPORT REVIEW**

The financial and operating results for the period ended March 31, 2004 have not been subject to specific review by the Company's auditor.

*Tele2 is Europe's leading and profitable alternative telecom operator. With our unique values, we provide cheap and simple telecom for all Europeans every day. We have 23.9 million customers in 24 countries. We offer products and services in fixed and mobile telephony, Internet access, data networks, cable TV and content services. Our main competitors are the former government monopolies. Tele2 was founded in 1993 by Jan Stenbeck and has been listed on Stockholmsbörsen since 1996. The share has also been listed on Nasdaq since 1997. Tele2 always strives to offer the market's best prices.*

## **CONTACTS**

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### **CONFERENCE CALL DETAILS**

A conference call to discuss the results will be held at 15.00 (CET) / 09.00 (New York time), on April 21, 2004. The dial-in number is: +44 (0) 1452 542 300 or US Toll Free: 1 866 2201 452. Please dial in 10 minutes prior to the start of the conference call to allow time for registration. A recording of the conference call will be available for 30 days after the call on +44 (0) 1452 55 0000 or US Toll Free: 1 866 247 4222 with access code 1257633#. The conference call will be web-cast on Tele2's website [www.Tele2.com](http://www.Tele2.com).

## **APPENDICES**

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**CONSOLIDATED INCOME STATEMENT (MSEK)**

		<b>2004</b>	<b>2003</b>	<b>2003</b>
		<b>Jan 1-Mar 31</b>	<b>Jan 1-Mar 31</b>	<b>Full year</b>
Operating revenue	Note 1	10,379	8,616	36,911
Operating expenses		-9,719	-7,949	-35,039
Other revenues		16	20	78
Other expenses		-12	-18	-66
<b>Operating profit, EBIT*</b>	Note 2	<b>664</b>	<b>669</b>	<b>1,884</b>
Share of profit (loss) of associated companies		16	-1	-18
Net interest and other financial expenses	Note 3	-61	-177	-599
<b>Profit after financial items, EBT*</b>		<b>619</b>	<b>491</b>	<b>1,267</b>
Taxes	Note 4	-321	-314	1,092
Minority interest		-12	10	37
<b>Profit after taxes</b>		<b>286</b>	<b>187</b>	<b>2,396</b>

<b>Earnings per share after tax (SEK)</b>	1.94	1.27	16.25
<b>Earnings per share after tax, after dilution (SEK)</b>	1.93	1.27	16.20

Number of shares, basic	Note 5	147,560,175	147,460,175	147,560,175
Number of shares, weighted average	Note 5	147,560,175	147,460,175	147,460,175
Number of shares after dilution	Note 5	148,203,675	148,223,175	148,203,675
Number of shares after dilution, weighted average	Note 5	147,884,188	147,787,695	147,869,175

\* Full year 2003 EBIT and EBT have been impacted by adjustments, as described in Notes 1-3.

**CONSOLIDATED BALANCE SHEET (MSEK)**

	<b>2004</b>	<b>2003</b>	<b>2003</b>
	<b>March 31</b>	<b>March 31</b>	<b>Dec 31</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	23,735	25,534	23,556
Tangible assets	9,022	9,302	9,036
Long-term financial assets	Note 4 2,933	1,754	3,057
	<b>35,690</b>	<b>36,590</b>	<b>35,649</b>
<b>Current assets</b>			
Materials and supplies	387	425	350
Current receivables	9,490	8,135	9,198
Cash and cash equivalents	4,194	3,014	2,773
	<b>14,071</b>	<b>11,574</b>	<b>12,321</b>
<b>Total assets</b>	<b>49,761</b>	<b>48,164</b>	<b>47,970</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Restricted equity	25,378	24,935	24,444
Non-restricted equity	5,931	3,955	5,916
	<b>31,309</b>	<b>28,890</b>	<b>30,360</b>
<b>Minority interest</b>	<b>28</b>	<b>20</b>	<b>7</b>
<b>Provisions</b>			
Shares in associated companies	6	28	6
Other provisions	21	21	20
	<b>27</b>	<b>49</b>	<b>26</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	4,820	8,141	4,775
	<b>4,820</b>	<b>8,141</b>	<b>4,775</b>
<b>Short-term liabilities</b>			
Interest-bearing liabilities	2,580	2,394	2,461
Non-interest-bearing liabilities	10,997	8,670	10,341
	<b>13,577</b>	<b>11,064</b>	<b>12,802</b>
<b>Total equity and liabilities</b>	<b>49,761</b>	<b>48,164</b>	<b>47,970</b>



**CONSOLIDATED CASH FLOW STATEMENT (MSEK)**

	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>
	<b>Jan 1-</b>	<b>Jan 1-</b>	<b>Full</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
	<b>Mar 31</b>	<b>Mar 31</b>	<b>year</b>						
Cash flows from operation	1,421	1,318	5,062	1,421	896	1,488	1,360	1,318	1,408
Change in working capital	208	58	912	208	498	218	138	58	-154
<b>Cash flows provided by operating activities</b>	<b>1,629</b>	<b>1,376</b>	<b>5,974</b>	<b>1,629</b>	<b>1,394</b>	<b>1,706</b>	<b>1,498</b>	<b>1,376</b>	<b>1,254</b>
Capital expenditure in intangible and tangible assets	-396	-433	-1,890	-396	-483	-424	-550	-433	-526
Change of long-term receivables	-11	10	12	-11	-69	26	45	10	-3
Sale of companies	-	-	21	-	-1	22	-	-	40
Purchase of companies	-11	-706	-910	-11	-4	-89	-111	-706	-46
Liquid funds in purchased companies	-	125	211	-	-1	4	83	125	4
<b>Cash flow after investing activities</b>	<b>1,211</b>	<b>372</b>	<b>3,418</b>	<b>1,211</b>	<b>836</b>	<b>1,245</b>	<b>965</b>	<b>372</b>	<b>723</b>
Financing activities	116	263	-2,940	116	-1,471	-1,052	-680	263	-799
<b>Net change in cash</b>	<b>1,327</b>	<b>635</b>	<b>478</b>	<b>1,327</b>	<b>-635</b>	<b>193</b>	<b>285</b>	<b>635</b>	<b>-76</b>
Cash at beginning of period	2,773	2,473	2,473	2,773	3,386	3,339	3,014	2,473	2,600
Exchange difference in cash	94	-94	-178	94	22	-146	40	-94	-51
<b>Cash at end of period*</b>	<b>4,194</b>	<b>3,014</b>	<b>2,773</b>	<b>4,194</b>	<b>2,773</b>	<b>3,386</b>	<b>3,339</b>	<b>3,014</b>	<b>2,473</b>
*of which restricted funds	801	986	830	801	830	922	945	986	870

**CHANGE OF CONSOLIDATED SHAREHOLDERS' EQUITY (MSEK)**

	<b>2004</b>			<b>2003</b>		
	<b>Restricted</b>	<b>Non restricted</b>		<b>Restricted</b>	<b>Non restricted</b>	
<b>Share capital</b>	<b>Other</b>			<b>Share capital</b>		
Equity, January 1	738	23,706	5,916	737	24,401	3,590
Other transfers	-	-130	130	-	-218	218
Translation differences	-	1,064	-401	-	15	-40
Profit, year-to-date	-	-	286	-	-	187
<b>Equity, March 31</b>	<b>738</b>	<b>24,640</b>	<b>5,931</b>	<b>737</b>	<b>24,198</b>	<b>3,955</b>
Total restricted and non-restricted equity		25,378	5,931		24,935	3,955

**NUMBER OF CUSTOMERS (in thousands)**

	Number of customers			Net intake					
	2004 Mar 31	2003 Mar 31	Change	2004 Q1	2003 Q4	2003 Q3	2003 Q2	2003 Q1	2002 Q4
<b><u>Nordic</u></b>									
Mobile telephony	3,636	3,305	10%	36	45	68	182	84	134
Fixed telephony and Internet	2,875	2,884	0%	-67	14	36	8	62	-406
Cable TV	179	197	-9%	1	-13	5	-11	-12	13
	<b>6,690</b>	<b>6,386</b>	<b>5%</b>	<b>-30</b>	<b>46</b>	<b>109</b>	<b>179</b>	<b>134</b>	<b>-259</b>
<b><u>Baltic &amp; Russia</u></b>									
Mobile telephony	2,352	1,428	65%	148	377	218	181	62	191
Fixed telephony and Internet	57	60	-5%	-	-	-1	-2	-1	-2
Cable TV	66	64	3%	-	2	-1	1	-	1
	<b>2,475</b>	<b>1,552</b>	<b>59%</b>	<b>148</b>	<b>379</b>	<b>216</b>	<b>180</b>	<b>61</b>	<b>190</b>
<b><u>Central Europe</u></b>									
Mobile telephony	55	9	511%	5	15	15	11	9	-
Fixed telephony and Internet	4,049	2,062	96%	630	582	512	263	245	43
	<b>4,104</b>	<b>2,071</b>	<b>98%</b>	<b>635</b>	<b>597</b>	<b>527</b>	<b>274</b>	<b>254</b>	<b>43</b>
<b><u>Southern Europe</u></b>									
Mobile telephony	41	36	14%	1	1	2	1	-13	19
Fixed telephony and Internet	8,108	5,811	40%	661	749	631	256	266	162
	<b>8,149</b>	<b>5,847</b>	<b>39%</b>	<b>662</b>	<b>750</b>	<b>633</b>	<b>257</b>	<b>253</b>	<b>181</b>
<b><u>Benelux</u></b>									
Mobile telephony	545	447	22%	17	18	36	27	44	54
Fixed telephony and Internet	1,911	1,371	39%	136	142	116	146	164	76
	<b>2,456</b>	<b>1,818</b>	<b>35%</b>	<b>153</b>	<b>160</b>	<b>152</b>	<b>173</b>	<b>208</b>	<b>130</b>
<b>Total number of customers</b>	<b>23,874</b>	<b>17,674</b>	<b>35%</b>	<b>1,568</b>	<b>1,932</b>	<b>1,637</b>	<b>1,063</b>	<b>910</b>	<b>285</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony	6,629	5,225	27%	207	456	339	402	186	398
<i>of which prepaid</i>	4,736	3,560	33%	138	351	312	375	197	281
Fixed telephony and Internet	17,000	12,188	39%	1,360	1,487	1,294	671	736	-127
Cable TV	245	261	-6%	1	-11	4	-10	-12	14
<b>Total number of customers</b>	<b>23,874</b>	<b>17,674</b>	<b>35%</b>	<b>1,568</b>	<b>1,932</b>	<b>1,637</b>	<b>1,063</b>	<b>910</b>	<b>285</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK)**

**OPERATING REVENUE**

	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>
	<b>Jan 1- Mar 31</b>	<b>Jan 1- Mar 31</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
<b><u>Nordic</u></b>								
Mobile telephony	1,736	1,687	1,736	1,839	1,943	1,861	1,687	1,806
Fixed telephony and Internet	1,677	1,557	1,677	1,627	1,551	1,575	1,557	1,656
Cable TV	53	51	53	53	53	50	51	60
Other	79	63	79	83	69	66	63	85
Adjustments mobile Sweden	-	-	-	-374	-	-	-	-
Adjustments for internal sales	-221	-187	-221	-250	-189	-186	-187	-148
	<b>3,324</b>	<b>3,171</b>	<b>3,324</b>	<b>2,978</b>	<b>3,427</b>	<b>3,366</b>	<b>3,171</b>	<b>3,459</b>
<b><u>Baltic &amp; Russia</u></b>								
Mobile telephony	696	542	696	713	723	622	542	549
Fixed telephony and Internet	24	24	24	27	25	30	24	24
Cable TV	7	6	7	7	6	7	6	7
Adjustments for internal sales	-1	-2	-1	-2	-2	-2	-2	-2
	<b>726</b>	<b>570</b>	<b>726</b>	<b>745</b>	<b>752</b>	<b>657</b>	<b>570</b>	<b>578</b>
<b><u>Central Europe</u></b>								
Mobile telephony	16	6	16	25	15	12	6	-
Fixed telephony and Internet	1,273	837	1,273	1,171	993	862	837	771
Adjustments for internal sales	-132	-121	-132	-125	-119	-115	-121	-112
	<b>1,157</b>	<b>722</b>	<b>1,157</b>	<b>1,071</b>	<b>889</b>	<b>759</b>	<b>722</b>	<b>659</b>
<b><u>Southern Europe</u></b>								
Mobile telephony	8	8	8	7	9	8	8	10
Fixed telephony and Internet	4,384	3,416	4,384	4,033	3,527	3,671	3,416	3,116
Adjustments for internal sales	-308	-126	-308	-248	-195	-167	-126	-145
	<b>4,084</b>	<b>3,298</b>	<b>4,084</b>	<b>3,792</b>	<b>3,341</b>	<b>3,512</b>	<b>3,298</b>	<b>2,981</b>
<b><u>Benelux</u></b>								
Mobile telephony	248	192	248	266	264	221	192	195
Fixed telephony and Internet	833	635	833	798	717	684	635	577
Cable TV	1	3	1	2	3	3	3	1
Other	4	10	4	-2	6	7	10	30
Adjustments for internal sales	-44	-22	-44	-36	-24	-23	-22	-28
	<b>1,042</b>	<b>818</b>	<b>1,042</b>	<b>1,028</b>	<b>966</b>	<b>892</b>	<b>818</b>	<b>775</b>
<b><u>Services</u></b>								
Fixed telephony and Internet	7	14	7	7	11	11	14	20
Other	84	55	84	86	60	57	55	59
Adjustments for internal sales	-45	-32	-45	-51	-32	-29	-32	-40
	<b>46</b>	<b>37</b>	<b>46</b>	<b>42</b>	<b>39</b>	<b>39</b>	<b>37</b>	<b>39</b>
<b>Total operating revenue</b>	<b>10,379</b>	<b>8,616</b>	<b>10,379</b>	<b>9,656</b>	<b>9,414</b>	<b>9,225</b>	<b>8,616</b>	<b>8,491</b>
<b>BY BUSINESS AREA</b>								
Mobile telephony	2,704	2,435	2,704	2,850	2,954	2,724	2,435	2,560
Fixed telephony and Internet	8,198	6,483	8,198	7,663	6,824	6,833	6,483	6,164
Cable TV	61	60	61	62	62	60	60	68
Other	167	128	167	167	135	130	128	174
Adjustments mobile Sweden	-	-	-	-374	-	-	-	-
Adjustments for internal sales	-751	-490	-751	-712	-561	-522	-490	-475
<b>Total operating revenue</b>	<b>10,379</b>	<b>8,616</b>	<b>10,379</b>	<b>9,656</b>	<b>9,414</b>	<b>9,225</b>	<b>8,616</b>	<b>8,491</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK), continued**

		<u>EBITDA</u>		2004	2003	2003	2003	2003	2002
		2004	2003	2004	2003	2003	2003	2003	2002
		Jan 1-	Jan 1-	Q1	Q4	Q3	Q2	Q1	Q4
		Mar 31	Mar 31						
<b><u>Nordic</u></b>									
Mobile telephony		704	763	704	806	909	821	763	894
Fixed telephony and Internet		260	250	260	211	236	199	250	347
Cable TV		13	8	13	9	14	9	8	11
Other		-1	-2	-1	2	-1	1	-2	1
Adjustments mobile Sweden	Note 1	-	-	-	-374	-	-	-	-
		<b>976</b>	<b>1,019</b>	<b>976</b>	<b>654</b>	<b>1,158</b>	<b>1,030</b>	<b>1,019</b>	<b>1,253</b>
<b><u>Baltic &amp; Russia</u></b>									
Mobile telephony		228	218	228	159	221	211	218	131
Fixed telephony and Internet		-2	1	-2	-13	8	-4	1	-1
Cable TV		-	-2	-	-	-	1	-2	-1
		<b>226</b>	<b>217</b>	<b>226</b>	<b>146</b>	<b>229</b>	<b>208</b>	<b>217</b>	<b>129</b>
<b><u>Central Europe</u></b>									
Mobile telephony		-7	-13	-7	-13	-12	-15	-13	-13
Fixed telephony and Internet		15	-79	15	7	-95	-83	-79	-43
		<b>8</b>	<b>-92</b>	<b>8</b>	<b>-6</b>	<b>-107</b>	<b>-98</b>	<b>-92</b>	<b>-56</b>
<b><u>Southern Europe</u></b>									
Mobile telephony		-7	-2	-7	-1	-1	-	-2	-1
Fixed telephony and Internet		194	298	194	168	289	353	298	174
		<b>187</b>	<b>296</b>	<b>187</b>	<b>167</b>	<b>288</b>	<b>353</b>	<b>296</b>	<b>173</b>
<b><u>Benelux</u></b>									
Mobile telephony		65	12	65	67	42	32	12	13
Fixed telephony and Internet		56	21	56	36	19	13	21	37
Cable TV		-3	-2	-3	-3	-3	-1	-2	-7
Other		-4	-1	-4	-9	-1	1	-1	-4
		<b>114</b>	<b>30</b>	<b>114</b>	<b>91</b>	<b>57</b>	<b>45</b>	<b>30</b>	<b>39</b>
<b><u>Services</u></b>									
Fixed telephony and Internet		-1	3	-1	3	1	-3	3	-3
Other		12	7	12	2	9	3	7	14
		<b>11</b>	<b>10</b>	<b>11</b>	<b>5</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>11</b>
<b>Total EBITDA</b>		<b>1,522</b>	<b>1,480</b>	<b>1,522</b>	<b>1,057</b>	<b>1,635</b>	<b>1,538</b>	<b>1,480</b>	<b>1,549</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony		983	978	983	1,018	1,159	1,049	978	1,024
Fixed telephony and Internet		522	494	522	412	458	475	494	511
Cable TV		10	4	10	6	11	9	4	3
Other		7	4	7	-5	7	5	4	11
Adjustments mobile Sweden	Note 1	-	-	-	-374	-	-	-	-
		<b>1,522</b>	<b>1,480</b>	<b>1,522</b>	<b>1,057</b>	<b>1,635</b>	<b>1,538</b>	<b>1,480</b>	<b>1,549</b>
<b>EBITDA MARGIN</b>									
Nordic	Note 1	29%	32%	29%	22%	34%	31%	32%	36%
Baltic & Russia		31%	38%	31%	20%	30%	32%	38%	22%
Central Europe		1%	-13%	1%	-1%	-12%	-13%	-13%	-8%
Southern Europe		5%	9%	5%	4%	9%	10%	9%	6%
Benelux		11%	4%	11%	9%	6%	5%	4%	5%
Services		24%	27%	24%	12%	26%	0%	27%	28%
<b>Total EBITDA margin</b>		<b>15%</b>	<b>17%</b>	<b>15%</b>	<b>11%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>18%</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK), continued**

		<u>EBIT</u>		2004	2003	2003	2003	2003	2002
		2004	2003	2004	2003	2003	2003	2003	2002
		Jan 1-	Jan 1-	Q1	Q4	Q3	Q2	Q1	Q4
		Mar 31	Mar 31						
<b><u>Nordic</u></b>									
Mobile telephony	Note 2	597	663	597	689	806	717	663	393
Fixed telephony and Internet	Note 2	163	140	163	18	140	94	140	222
Cable TV		-1	-8	-1	-6	-1	-6	-8	-5
Other		-2	-5	-2	-1	-2	-1	-5	-2
Adjustments mobile Sweden	Note 1	-	-	-	-374	-	-	-	-
		<b>757</b>	<b>790</b>	<b>757</b>	<b>326</b>	<b>943</b>	<b>804</b>	<b>790</b>	<b>608</b>
<b><u>Baltic &amp; Russia</u></b>									
Mobile telephony		95	143	95	61	146	104	143	30
Fixed telephony and Internet		-2	-	-2	-13	6	-2	-	-2
Cable TV		-2	-4	-2	-2	-1	-3	-4	-5
		<b>91</b>	<b>139</b>	<b>91</b>	<b>46</b>	<b>151</b>	<b>99</b>	<b>139</b>	<b>23</b>
<b><u>Central Europe</u></b>									
Mobile telephony		-10	-15	-10	-15	-14	-17	-15	-14
Fixed telephony and Internet		-25	-116	-25	-37	-137	-124	-116	-80
		<b>-35</b>	<b>-131</b>	<b>-35</b>	<b>-52</b>	<b>-151</b>	<b>-141</b>	<b>-131</b>	<b>-94</b>
<b><u>Southern Europe</u></b>									
Mobile telephony		-7	-2	-7	-1	-	-1	-2	-1
Fixed telephony and Internet		145	250	145	129	248	313	250	136
		<b>138</b>	<b>248</b>	<b>138</b>	<b>128</b>	<b>248</b>	<b>312</b>	<b>248</b>	<b>135</b>
<b><u>Benelux</u></b>									
Mobile telephony		42	-9	42	43	17	10	-9	-7
Fixed telephony and Internet	Note 2	49	8	49	-45	14	6	8	28
Cable TV		-5	-3	-5	-5	-3	-4	-3	-8
Other		-5	-4	-5	-11	-1	-	-4	-5
		<b>81</b>	<b>-8</b>	<b>81</b>	<b>-18</b>	<b>27</b>	<b>12</b>	<b>-8</b>	<b>8</b>
<b><u>Services</u></b>									
Fixed telephony and Internet		-2	2	-2	-	1	-4	2	-4
Other		4	2	4	-4	3	-	2	17
		<b>2</b>	<b>4</b>	<b>2</b>	<b>-4</b>	<b>4</b>	<b>-4</b>	<b>4</b>	<b>13</b>
Group adjustments, depreciation	Note 2	-370	-373	-370	-740	-387	-388	-373	-378
<b>Total EBIT</b>		<b>664</b>	<b>669</b>	<b>664</b>	<b>-314</b>	<b>835</b>	<b>694</b>	<b>669</b>	<b>315</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony	Note 2	717	780	717	777	955	813	780	401
Fixed telephony and Internet	Note 2	328	284	328	52	272	283	284	300
Cable TV		-8	-15	-8	-13	-5	-13	-15	-18
Other		-3	-7	-3	-16	-	-1	-7	10
Adjustments mobile Sweden	Note 1	-	-	-	-374	-	-	-	-
Group adjustments, depreciation	Note 2	-370	-373	-370	-740	-387	-388	-373	-378
<b>Total EBIT</b>		<b>664</b>	<b>669</b>	<b>664</b>	<b>-314</b>	<b>835</b>	<b>694</b>	<b>669</b>	<b>315</b>
<b>EBIT MARGIN</b>									
Nordic	Note 1, 2	23%	25%	23%	11%	28%	24%	25%	18%
Baltic & Russia		13%	24%	13%	6%	20%	15%	24%	4%
Central Europe		-3%	-18%	-3%	-5%	-17%	-19%	-18%	-14%
Southern Europe		3%	8%	3%	3%	7%	9%	8%	5%
Benelux	Note 2	8%	-1%	8%	-2%	3%	1%	-1%	1%
Services		4%	11%	4%	-10%	10%	-10%	11%	33%
<b>Total EBIT margin</b>		<b>6%</b>	<b>8%</b>	<b>6%</b>	<b>-3%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>	<b>4%</b>

**INVESTMENTS (MSEK)**

	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>
	<b>Jan 1-</b>	<b>Jan 1-</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
	<b>Mar 31</b>	<b>Mar 31</b>						
<b><u>Market areas</u></b>								
Nordic	106	135	106	86	111	122	135	162
Baltic & Russia	178	175	178	221	234	278	175	221
Central Europe	36	33	36	53	29	48	33	97
Southern Europe	21	64	21	14	29	27	64	30
Benelux	43	22	43	54	18	61	22	-8
Services	12	4	12	55	3	14	4	24
<b>Investments in intangible and tangible assets</b>	<b>396</b>	<b>433</b>	<b>396</b>	<b>483</b>	<b>424</b>	<b>550</b>	<b>433</b>	<b>526</b>
<b><u>Additional investments, non-cash transactions</u></b>								
Finance lease	-	-	-	5	-	-	-	66
<b>Total, CAPEX</b>	<b>396</b>	<b>433</b>	<b>396</b>	<b>488</b>	<b>424</b>	<b>550</b>	<b>433</b>	<b>592</b>
<b><u>Business areas</u></b>								
Mobile telephony	289	244	289	361	279	366	244	308
Fixed telephony and Internet	91	170	91	78	132	165	170	208
Cable TV	2	12	2	1	10	9	12	5
Other	14	7	14	43	3	10	7	5
<b>Investments in intangible and tangible assets</b>	<b>396</b>	<b>433</b>	<b>396</b>	<b>483</b>	<b>424</b>	<b>550</b>	<b>433</b>	<b>526</b>

**TELE2 OPERATIONS IN SWEDEN (MSEK)\***

\* Tele2 Sverige AB, Optimal Telecom AB and Cable TV operations in Sweden

	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>
	<b>Jan 1- Mar 31</b>	<b>Jan 1- Mar 31</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>
<b><u>Operating revenue</u></b>								
Mobile telephony	1,523	1,544	1,523	1,637	1,748	1,697	1,544	1,657
Fixed telephony and Internet	996	930	996	976	937	950	930	988
Cable TV	53	46	53	50	49	46	46	55
Adjustments mobile	-	-	-	-374	-	-	-	-
<b>Total</b>	<b>2,572</b>	<b>2,520</b>	<b>2,572</b>	<b>2,289</b>	<b>2,734</b>	<b>2,693</b>	<b>2,520</b>	<b>2,700</b>
<b><u>EBITDA</u></b>								
Mobile telephony	712	769	712	780	919	857	769	880
Fixed telephony and Internet	201	185	201	174	197	158	185	219
Cable TV	13	7	13	8	13	7	7	11
Adjustments mobile	-	-	-	-374	-	-	-	-
<b>Total</b>	<b>926</b>	<b>961</b>	<b>926</b>	<b>588</b>	<b>1,129</b>	<b>1,022</b>	<b>961</b>	<b>1,110</b>
<b><u>EBITDA margin</u></b>								
Mobile telephony	47%	50%	47%	48%	53%	51%	50%	53%
Fixed telephony and Internet	20%	20%	20%	18%	21%	17%	20%	22%
Cable TV	25%	15%	25%	16%	27%	15%	15%	20%
<b>Total</b>	<b>36%</b>	<b>38%</b>	<b>36%</b>	<b>26%</b>	<b>41%</b>	<b>38%</b>	<b>38%</b>	<b>41%</b>
<b><u>EBIT</u></b>								
Mobile telephony	612	670	612	666	819	757	670	780
Fixed telephony and Internet	123	101	123	7	125	75	101	131
Cable TV	-1	-8	-1	-6	-1	-8	-8	-4
Adjustments mobile	-	-	-	-374	-	-	-	-
<b>Total</b>	<b>734</b>	<b>763</b>	<b>734</b>	<b>293</b>	<b>943</b>	<b>824</b>	<b>763</b>	<b>907</b>
<b><u>EBIT margin</u></b>								
Mobile telephony	40%	43%	40%	41%	47%	45%	43%	47%
Fixed telephony and Internet	12%	11%	12%	1%	13%	8%	11%	13%
Cable TV	-2%	-17%	-2%	-12%	-2%	-17%	-17%	-7%
<b>Total</b>	<b>29%</b>	<b>30%</b>	<b>29%</b>	<b>13%</b>	<b>34%</b>	<b>31%</b>	<b>30%</b>	<b>34%</b>

**FIVE-YEAR SUMMARY**

	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
	<b>Jan 1- Mar 31</b>	<b>Jan 1- Mar 31</b>				
<b><u>Income Statement and Balance Sheet (MSEK)</u></b>						
Operating revenue	10,379	8,616	36,911	31,282	25,085	12,440
EBITDA	1,522	1,480	5,710	5,127	1,698	1,820
EBIT	664	669	1,884	1,530	-1,356	420
EBT	619	491	1,267	796	-1,944	165
Profit (loss) after taxes	286	187	2,396	223	392	-396
Shareholders' equity	31,309	28,890	30,360	28,728	29,517	26,539
Shareholders' equity, after dilution	31,432	29,032	30,487	28,870	29,547	26,584
Total assets	49,761	48,164	47,970	46,872	49,258	42,397
Cash flow provided by operating activities	1,629	1,376	5,974	4,365	413	883
Liquidity	4,821	2,656	3,444	2,332	1,625	1,304
Net borrowing	3,166	7,454	4,427	7,729	9,286	7,095
Investments in intangible and tangible assets, CAPEX	396	433	1,895	1,956	2,162	1,514
Investments in shares and long-term receivables	22	571	767	626	304	20,512
<b><u>Key ratio</u></b>						
Solidity, %	63	60	63	61	60	63
Debt/equity ratio, %	0.10	0.26	0.15	0.27	0.31	0.27
EBITDA margin, %	14.7	17.2	15.5	16.4	6.8	14.6
EBIT margin, %	6.4	7.8	5.1	4.9	-5.4	3.4
Return on shareholders' equity, %	0.9	0.6	8.1	0.8	1.4	-2.4
Return on shareholders' equity, after dilution, %	0.9	0.6	8.1	0.8	1.4	-2.4
Return on capital employed, %	1.9	1.8	5.0	3.9	-3.3	1.9
Average interest rate, %	3.6	5.8	5.0	6.4	6.3	4.8
<b><u>Value per share (SEK)</u></b>						
Profit (loss)	1.94	1.27	16.25	1.51	2.70	-3.47
Profit (loss), after dilution	1.93	1.27	16.20	1.51	2.70	-3.47
Shareholders' equity	212.18	195.92	205.88	194.95	203.56	232.62
Shareholders' equity, after dilution	212.54	196.44	206.17	195.55	203.46	232.74
Cash flow	11.04	9.33	40.51	29.62	2.85	7.74
Dividend	-	-	-	-	-	-
Market value at closing day	347.00	256.50	384.00	230.50	378.00	392.00



## NOTES TO THE ACCOUNTS

### Accounting principles and definitions

The Interim report has been prepared in accordance with recommendations RR1:00-RR29 of the Swedish Financial Accounting Standards Council. Tele2 has reported its interim report in accordance with the accounting principles and methods used in the Annual Report and Accounts for the financial year of 2003. Definitions are stated in the Annual Report for 2003.

### Note 1 Adjustment: Operating revenue

Revenue from mobile telephony is shown as calls are made, which means that sold but not yet used prepaid cards should not be included in revenues. To estimate this, revenues in Sweden have, up until Q3 2003, been recognized according to a model that has been used unchanged since the start of Tele2's prepaid telephony in 1997, rather than a system to measure the value of sold but not used prepaid cards. In Q4 2003, Comviq brought such a system into use, and it was established that sold but not used prepaid cards have been undervalued by around MSEK -374 in total for the period 1997 through 30 September, 2003, of which MSEK -95 is estimated to have occurred in 2003.

### Note 2 Adjustment: Operating expenses

As a result of valuation of loss-carry-forwards for some companies in Continental Europe to their full value in Q4 2003 the part of loss carry forwards that existed when Tele2 acquired SEC and that could have reduced goodwill by MSEK - 322, is accounted for as a write-down according to the Swedish Financial Accounting Standards Council's recommendation RR9-Income taxes.

Write-downs on fixed assets amounted to MSEK -172 was made in Q4 2003 and relate to Atlantic undersea cable, in which Tele2 Sweden and Tele2 Luxembourg invested in the late 1990s. They are expensed as a result of Tele2's assessment of continued excess supply of capacity.

During Q4 2002, Tele2 Norway returned its UMTS licence. The net book value of these capitalized costs was eliminated in its entirety and MSEK -400 was charged against depreciation in Q4 2002.

### Note 3 Adjustment: Net interest and other financial expenses

The Q4 2003 result is affected by a write-down of MSEK -75 regarding shares in the investment TravelLink AB.

### Note 4 Adjustment: Taxes

At March 31, 2004 and December 31, 2003 the total deferred tax receivable for the group is MSEK 2,309 and MSEK 2,459 respectively, and is included in the item "Long-term financial assets".

### Note 5 Shares and Convertibles

At March 31, 2004 Tele2 has outstanding warrants, corresponding to 643,500 (December, 31 2003: 643,500) B shares with a subscription price of SEK 191 per share and a subscription period from 2005 to 2007.

### Note 6 Number of customers in Denmark

In Denmark the reported number of active customers was from Q4 2002 fully adopted to Group definitions. As a result of this and as a one-time effect, the number of fixed and Internet customers was adjusted by -461,000 in Q4 2002.

### Note 7 UMTS-nät AB in Sweden

The balance sheet for Svenska UMTS-nät AB in Sweden at March 31, 2004, in which Tele2 owns 50% of the shares:

	<u>MSEK</u>		<u>MSEK</u>
Fixed assets	1,800	Equity	1,008
Other current assets	261	Long-term liabilities	900
Cash and bank balances	4	Short-term liabilities	157
<u>Total assets</u>	<u>2,065</u>	<u>Total equity and liabilities</u>	<u>2,065</u>

At March 31, 2004 and December 31, 2003 contingent liabilities for Tele2 regarding guarantee for the loans of Svenska UMTS-nät AB is MSEK 450 and MSEK 363 respectively.