

THIRD QUARTER 2009

21 October 2009

TELE2

AGENDA

CEO review

Harri Koponen

Financial review

Lars Nilsson

Concluding remarks

Harri Koponen

HIGHLIGHTS Q3

- **Solid result with all regions performing**
- **Nordic**
 - Good customer intake
 - Increased focus on postpaid customers
- **Russia**
 - 7 new regions launched during the quarter
 - Roll-out according to or better than plan
 - 1 100 000 new customers
- **Central Europe**
 - Increased customer market share in the Baltic region
- **Western Europe**
 - All countries delivering healthy EBITDA contribution
 - Strong performance in The Netherlands and Austria

MARKET AREA NORDICS

Mobile

- Good customer intake driven by all segments

Corporate segment

- New contract wins in price sensitive market

Market strategy

- Price leadership in combination with expected quality



MARKET AREA RUSSIA

Mobile

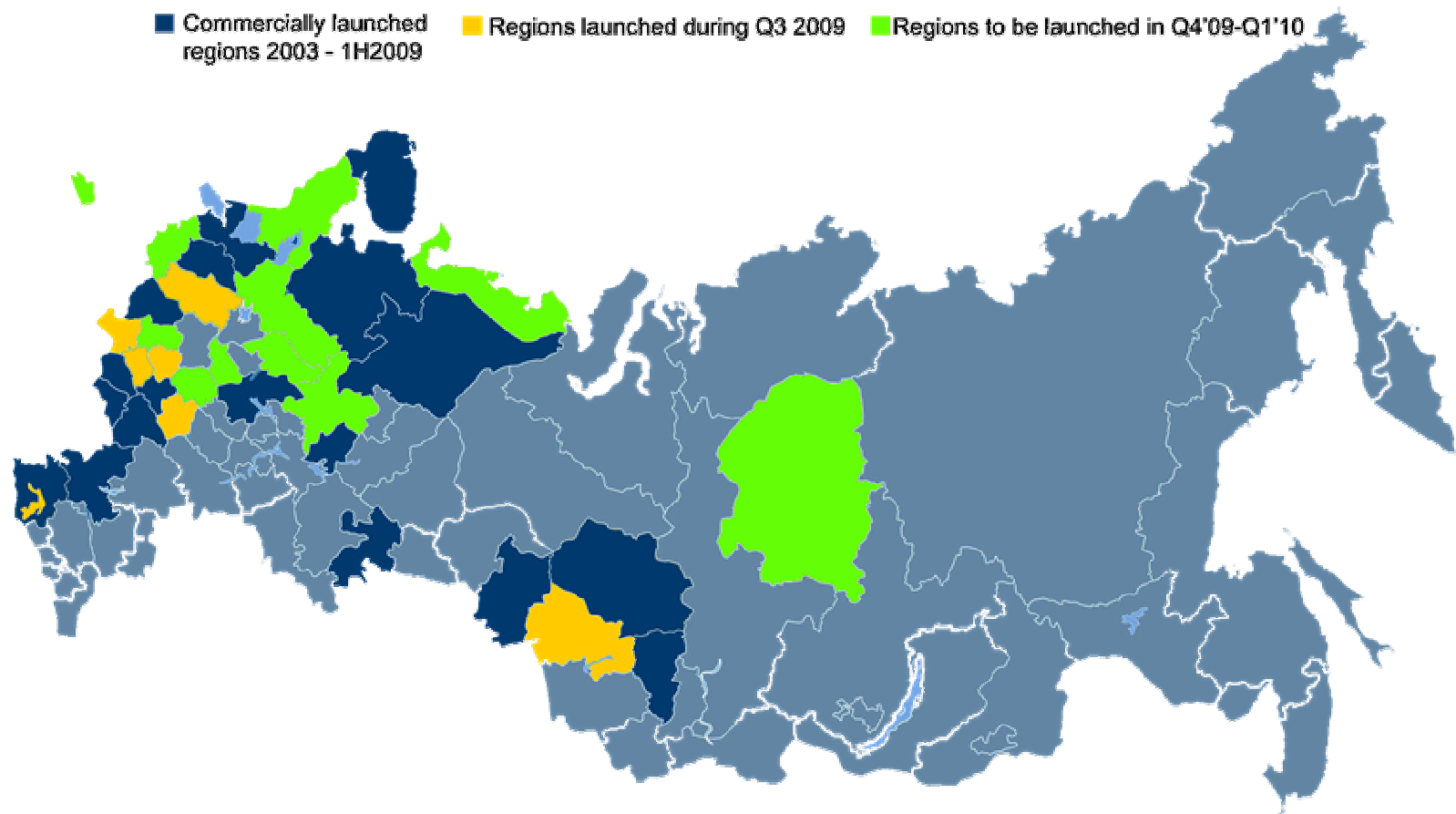
- 40.5 percent EBITDA margin in old regions
- Record high net intake
 - New regions adding 742,000 customers

Market strategy

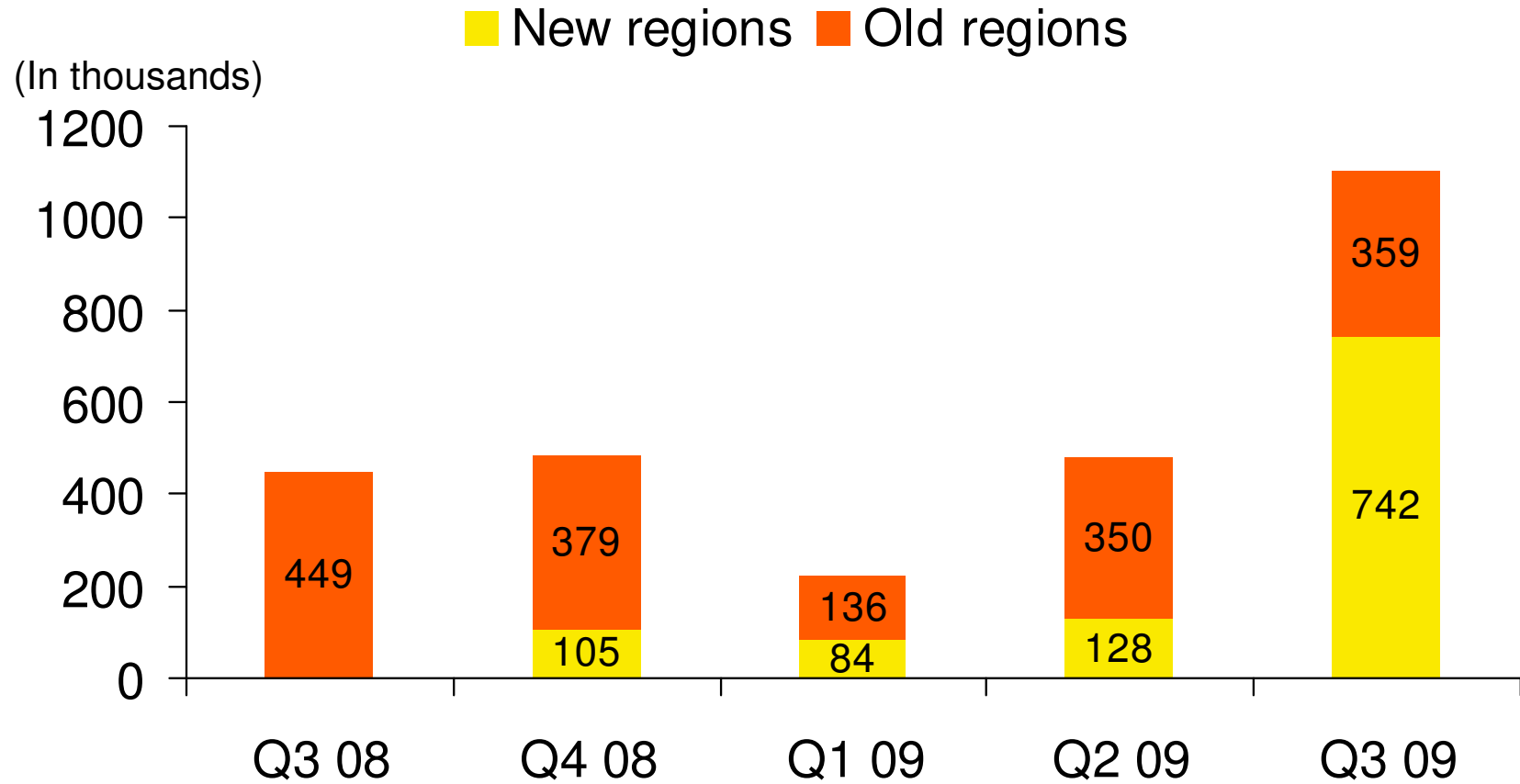
- Making the roll-out an efficient machinery
- Proven distribution strategy



RUSSIAN FOOTPRINT



NET INTAKE RUSSIA



MARKET AREA WESTERN EUROPE

Fixed Broadband

- Launch of VDSL
- Gold standard for the group in the corporate segment

Market strategy

- Investing for the future
- Corporate market share 7 percent
 - Marks the potential



MARKET AREA CENTRAL EUROPE

Mobile

- Overall solid customer intake
- Defend market position and expand when possible

Market strategy

- Economic turmoil creates opportunities for a price leader



ECONOMIC DEVELOPMENT

Our response to the economic downturn:

- EBITDA hurdle for a core business maintained at 20 percent
- Mobile on own infrastructure should target mid 30 percent
- ROCE target for the group 20 percent

TELE2 ALWAYS PROVIDES

THE BEST DEAL



- **Price leadership through best in class cost control**
- **Rewarded quality network**
- **Standardized product portfolio**

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Q3 2009 GROUP RESULTS

SEK million	Q3 09	Q3 08	Change %
Continuing operations, Net Sales	9,763	9,520	3%
EBITDA	2,375	2,240	6%
- EBITDA margin (%)	24.3%	23.5%	
Depreciation and joint venture	-924	-852	
- Depreciation of net sales (%)	9.5%	8.9%	
One-off items	116	-969	
EBIT	1,567	419	
Normalized EBIT	1,451	1,388	
- Normalized EBIT margin (%)	14,9%	14,6%	
Financial items	199	-290	
Taxes	418	27	
Net result, continuing operations	2,184	156	
Net result, discontinued operations	-478	692	
Net result	1,706	848	

YTD 2009 GROUP RESULTS

SEK million	YTD 09	YTD 08	Change %
Continuing operations, Net Sales	29,376	28,286	4%
EBITDA	6,997	6,007	16%
- EBITDA margin (%)	23,8%	21,2%	
Depreciation and joint venture	-2,759	-2,715	
- Depreciation of net sales (%)	9,4%	9,6%	
One-off items	53	-1,623	
EBIT	4,291	1,669	
Normalized EBIT	4,238	3,292	
- Normalized EBIT margin (%)	14,4%	11,6%	
Financial items	-376	-420	
Taxes	-179	-224	
Net result, continuing operations	3,736	1,025	
Net result, discontinued operations	-230	514	
Net result	3,506	1,539	

TAXES

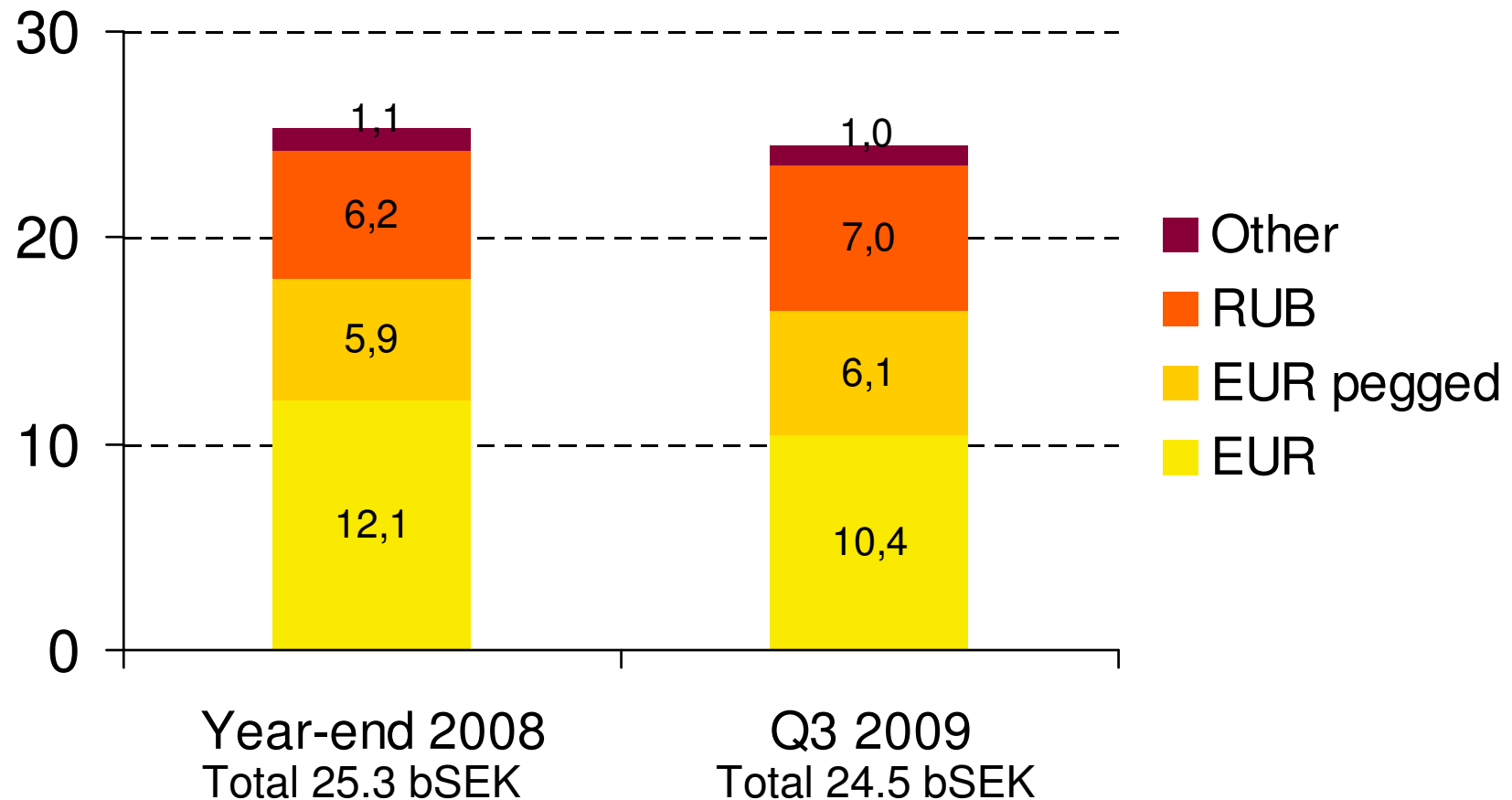
Taxes in income statement (MSEK)	One-Off	Normal	Reported
Q1	-196	-77	-273
Q2	-	-324	-324
Q3	862	-444	418
	666	-845	-179

Taxes in cash flow statement (MSEK)	One-Off	Normal	Reported
Q1	-359	-97	-456
Q2	-	-124	-124
Q3	-	-98	-98
	-359	-319	-678

“OUR” CURRENCIES

Currency	YTD Average 09 vs. 08	Fixing rate Sep 09 vs Dec 08
EUR / EUR pegged	14 %	- 6 %
RUB	- 6 %	- 11 %
USD	27 %	- 10 %

NET ASSETS IN FOREIGN CURRENCIES



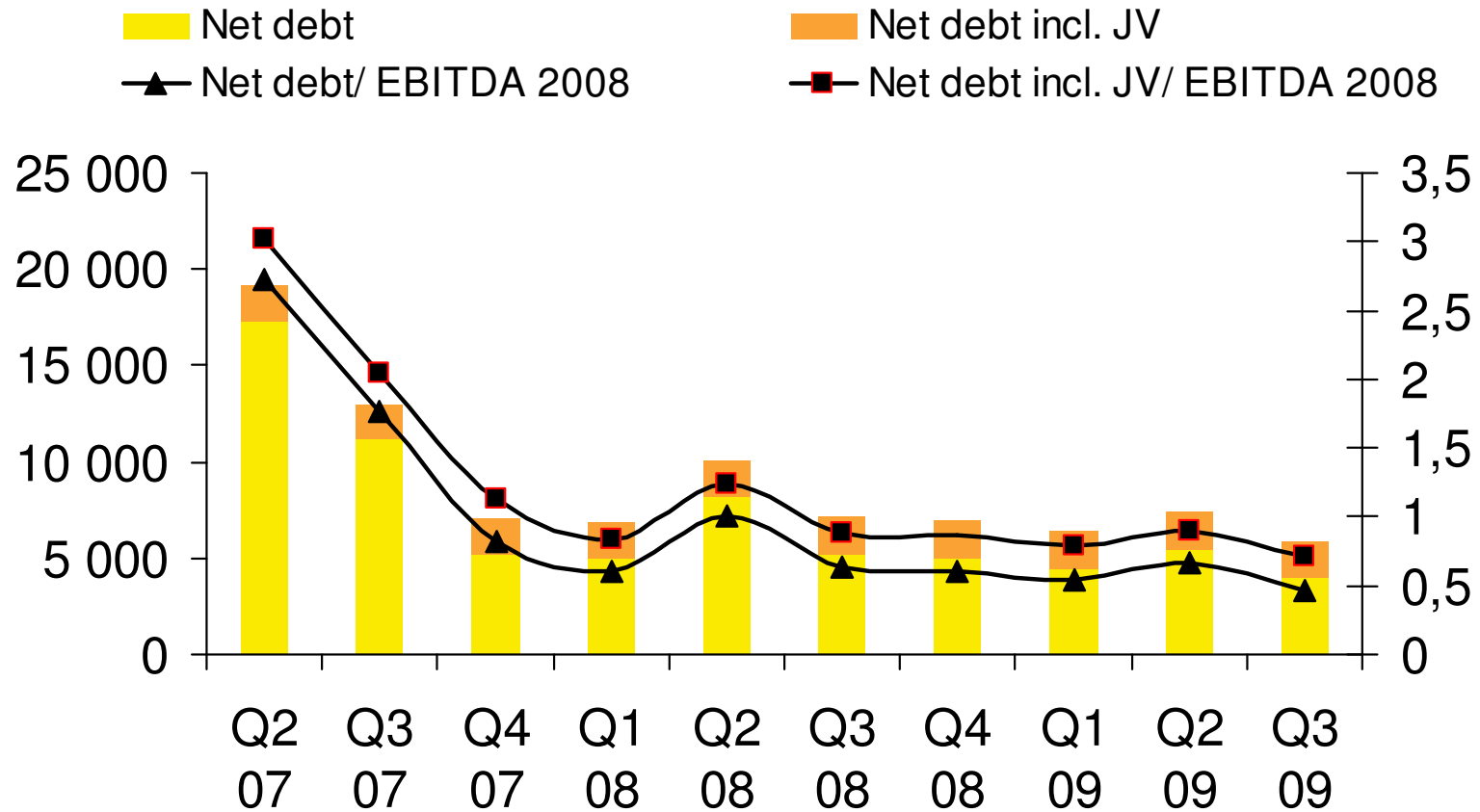
CASH FLOW FOR Q3 2009

SEK million	Q3 09	Q3 08
OPERATING ACTIVITIES		
Cash flow from operations, other	2,433	2,405
Taxes paid	-98	-90
Changes in working capital	252	279
CASH FLOW FROM OPERATING ACTIVITIES	2,587	2,594
INVESTING ACTIVITIES		
CAPEX	-1,065	-930
Cash Flow after CAPEX	1,522	1,664
Acquisition and sale of shares and participations, net	-208	2,125
	1,314	3,789

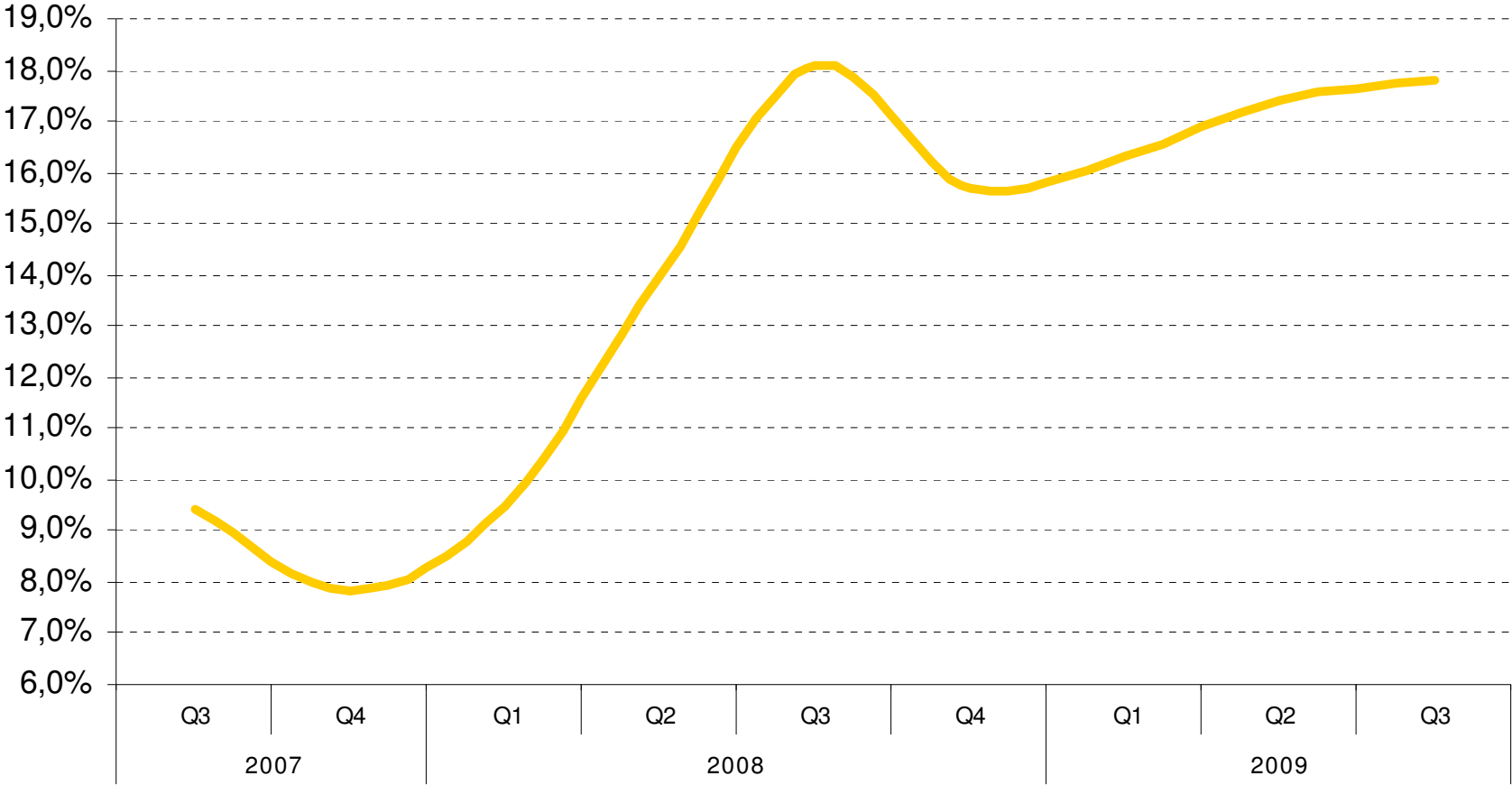
CASH FLOW FOR YTD 2009

SEK million	YTD 09	YTD 08
OPERATING ACTIVITIES		
Cash flow from operations, other	6,385	6,236
Taxes paid	-678	-257
Changes in working capital	710	-20
CASH FLOW FROM OPERATING ACTIVITIES	6,417	5,959
INVESTING ACTIVITIES		
CAPEX	-3,292	-3,375
Cash Flow after CAPEX	3,125	2,584
Acquisition and sale of shares and participations, net	-341	1,491
	2,784	4,075

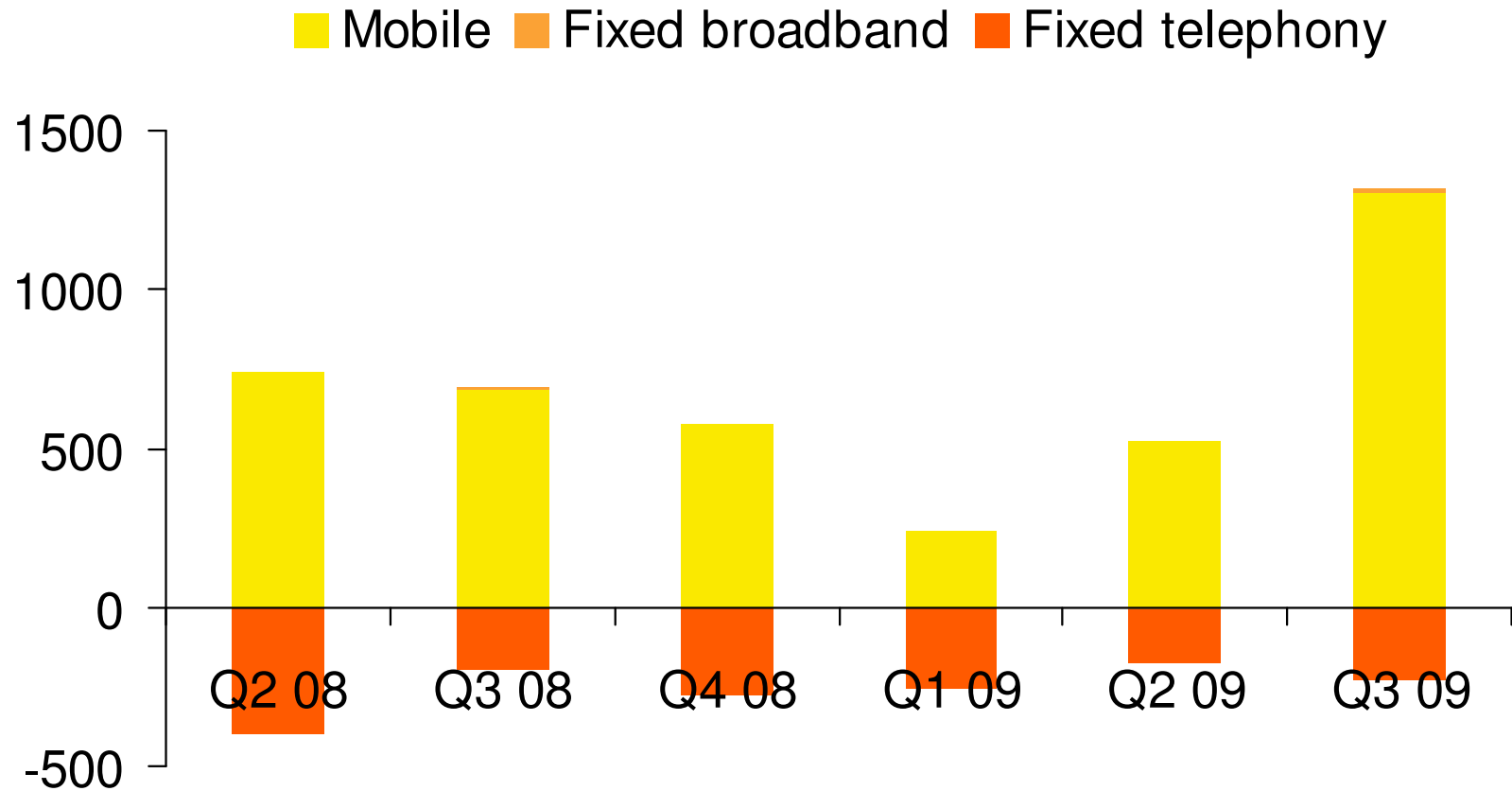
GROUP FINANCIAL PROFILE



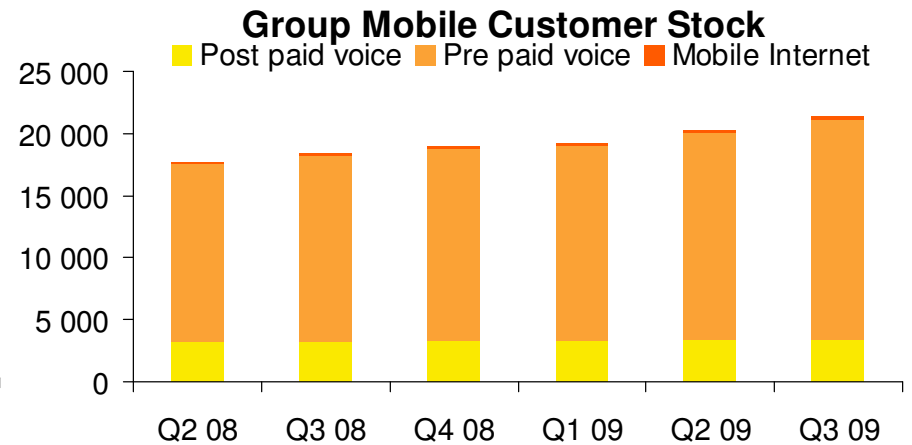
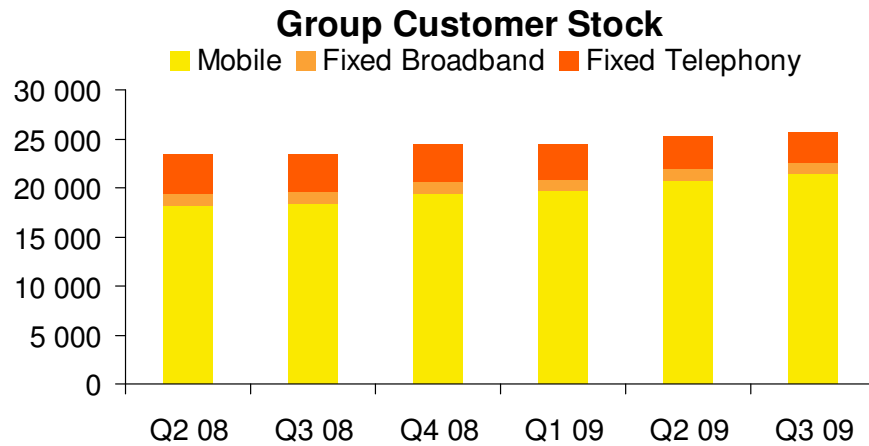
ROCE



NET INTAKE PER SEGMENT

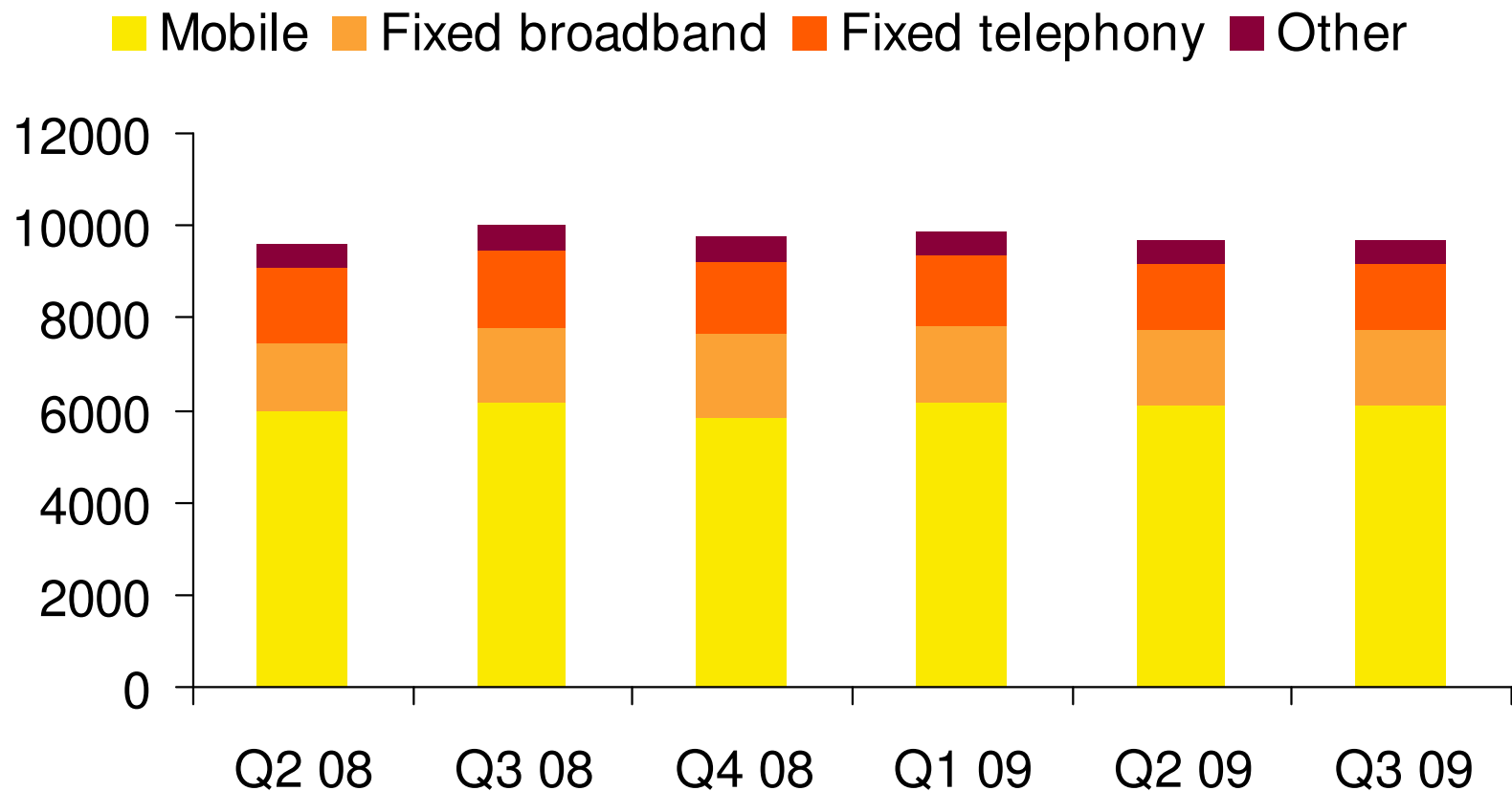


GROUP CUSTOMER STOCK

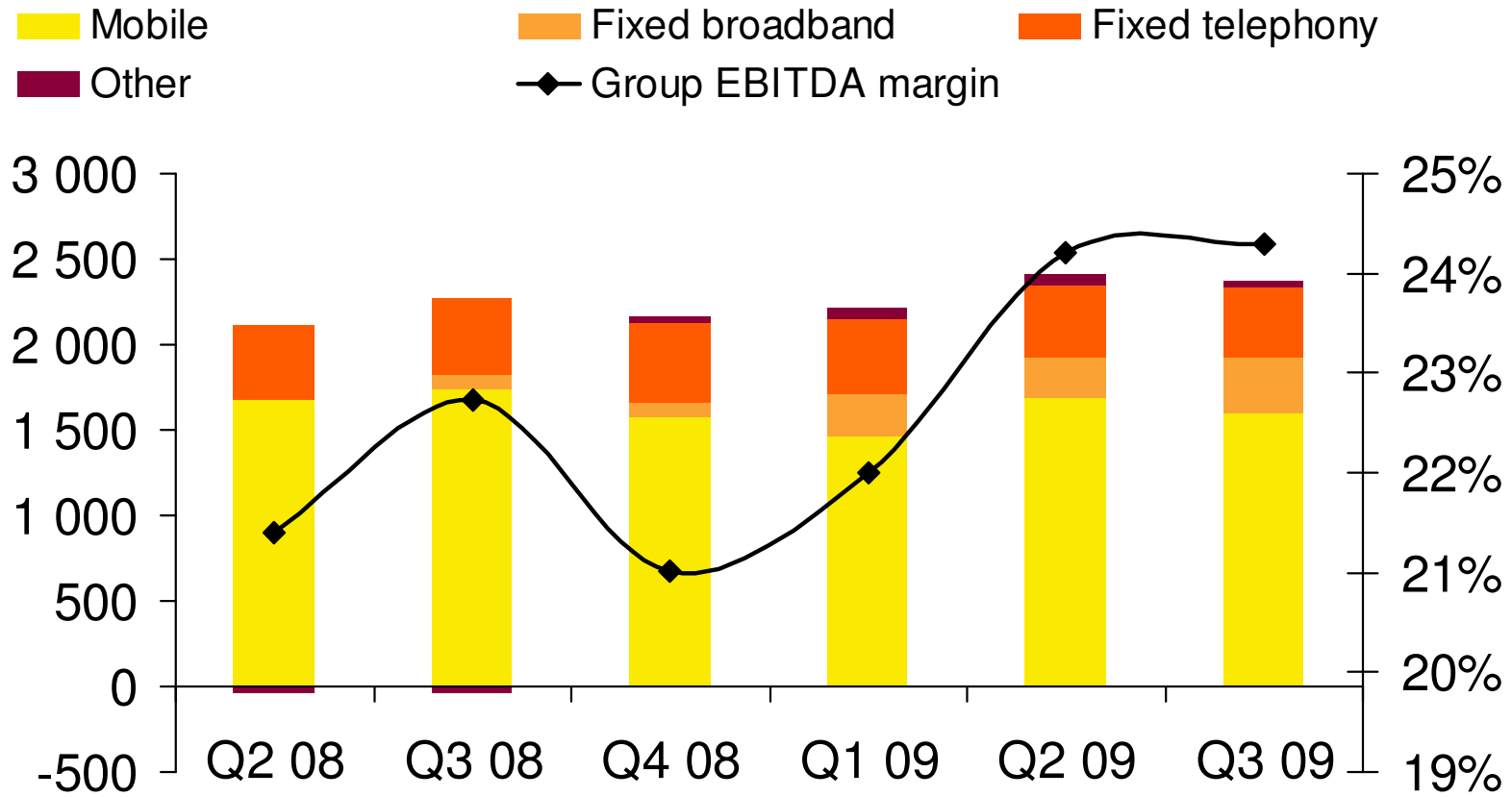


- Strong intake in the Mobile segment
 - Driven by pre-paid voice adding 1 300 000 new customers

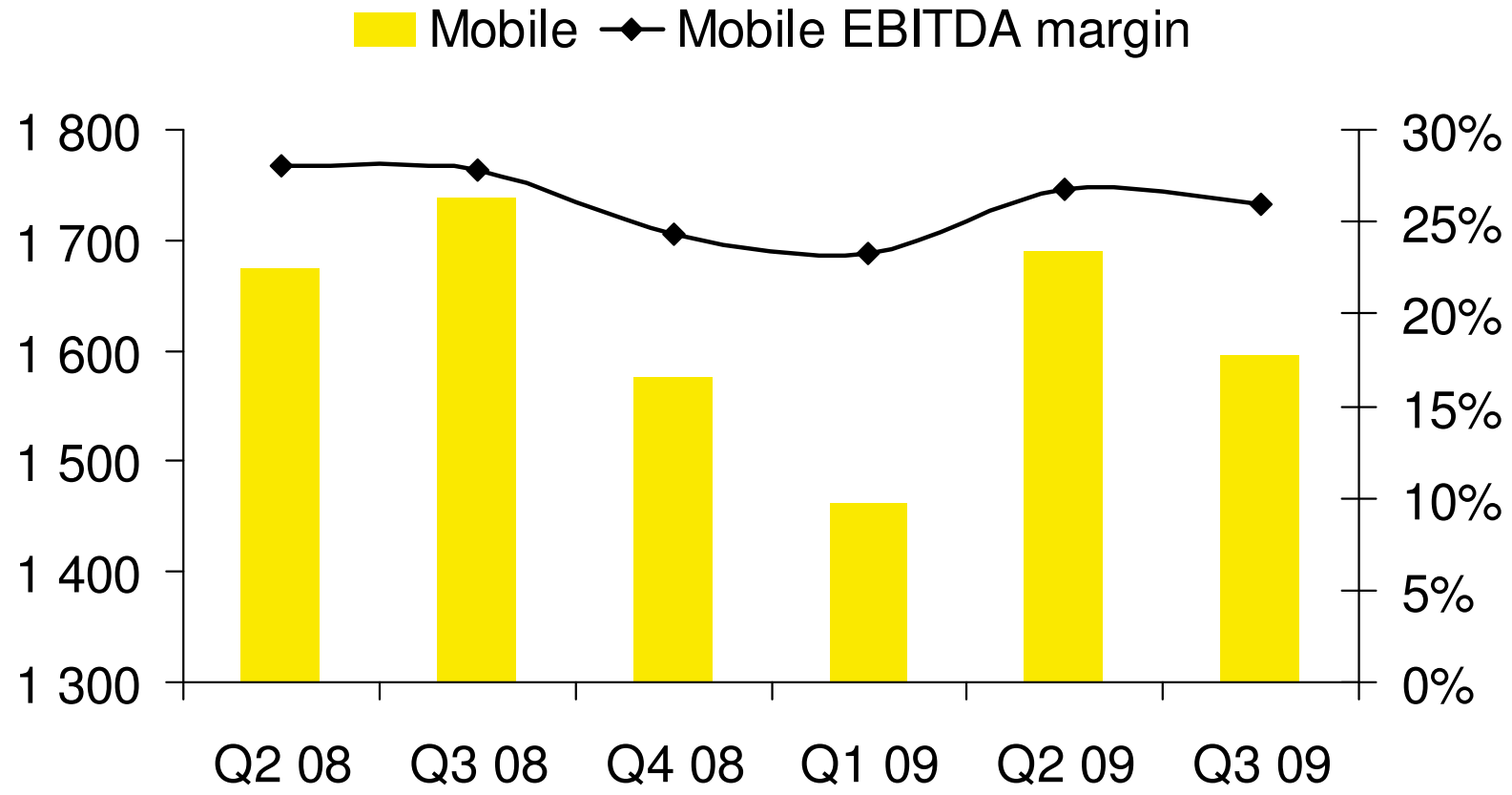
GROUP Q3 2009 NET SALES



GROUP Q3 2009 EBITDA

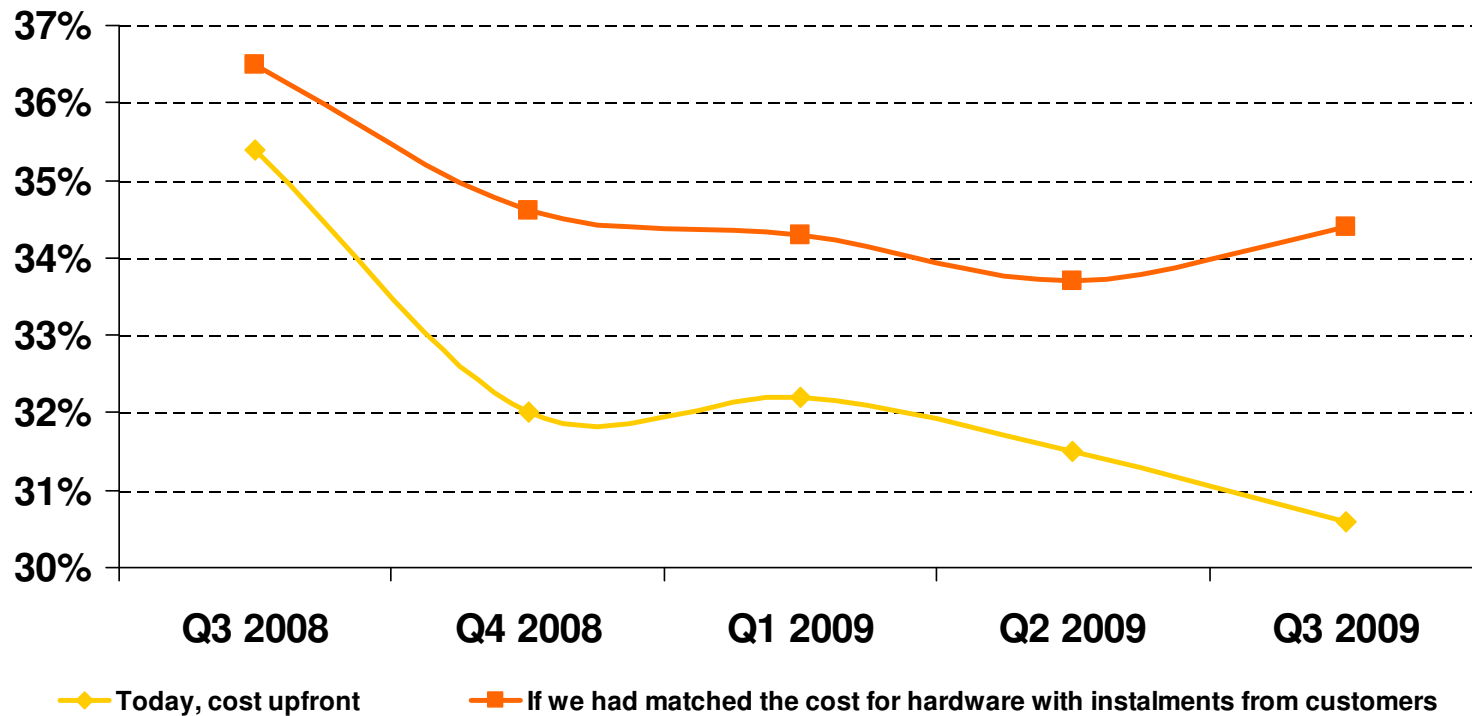


MOBILE Q3 2009 EBITDA

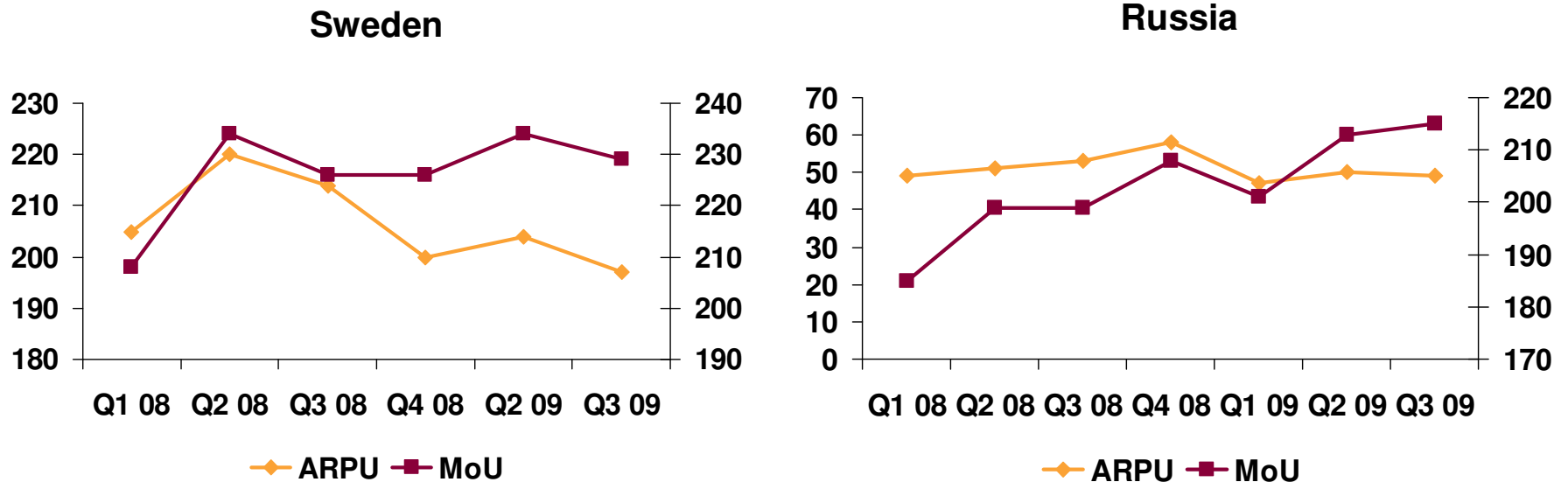


SWEDISH MOBILE MARGIN

Temporary negatively affected by increased costs for hardware related to post-paid customers

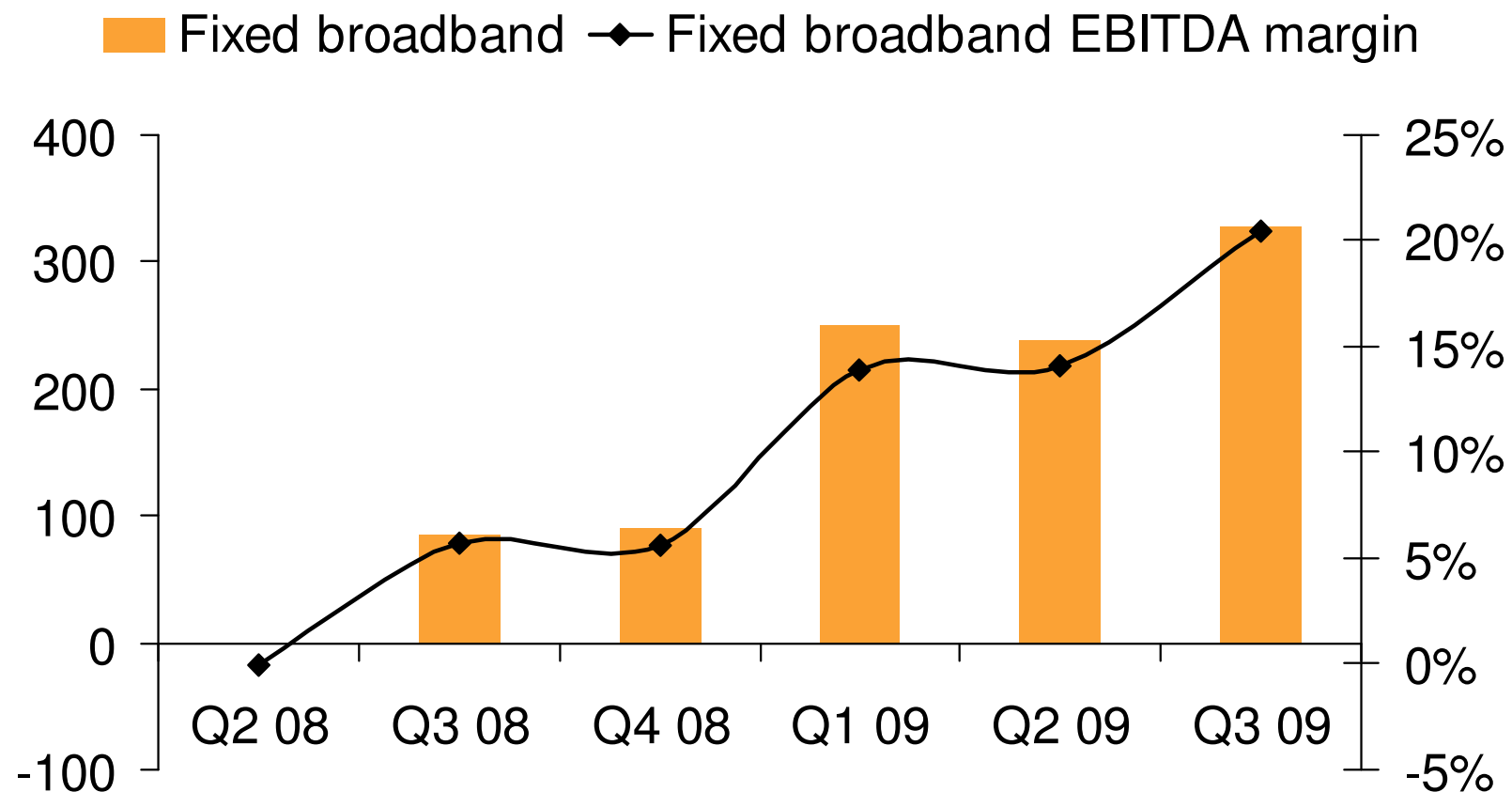


MoU AND ARPU DEVELOPMENT

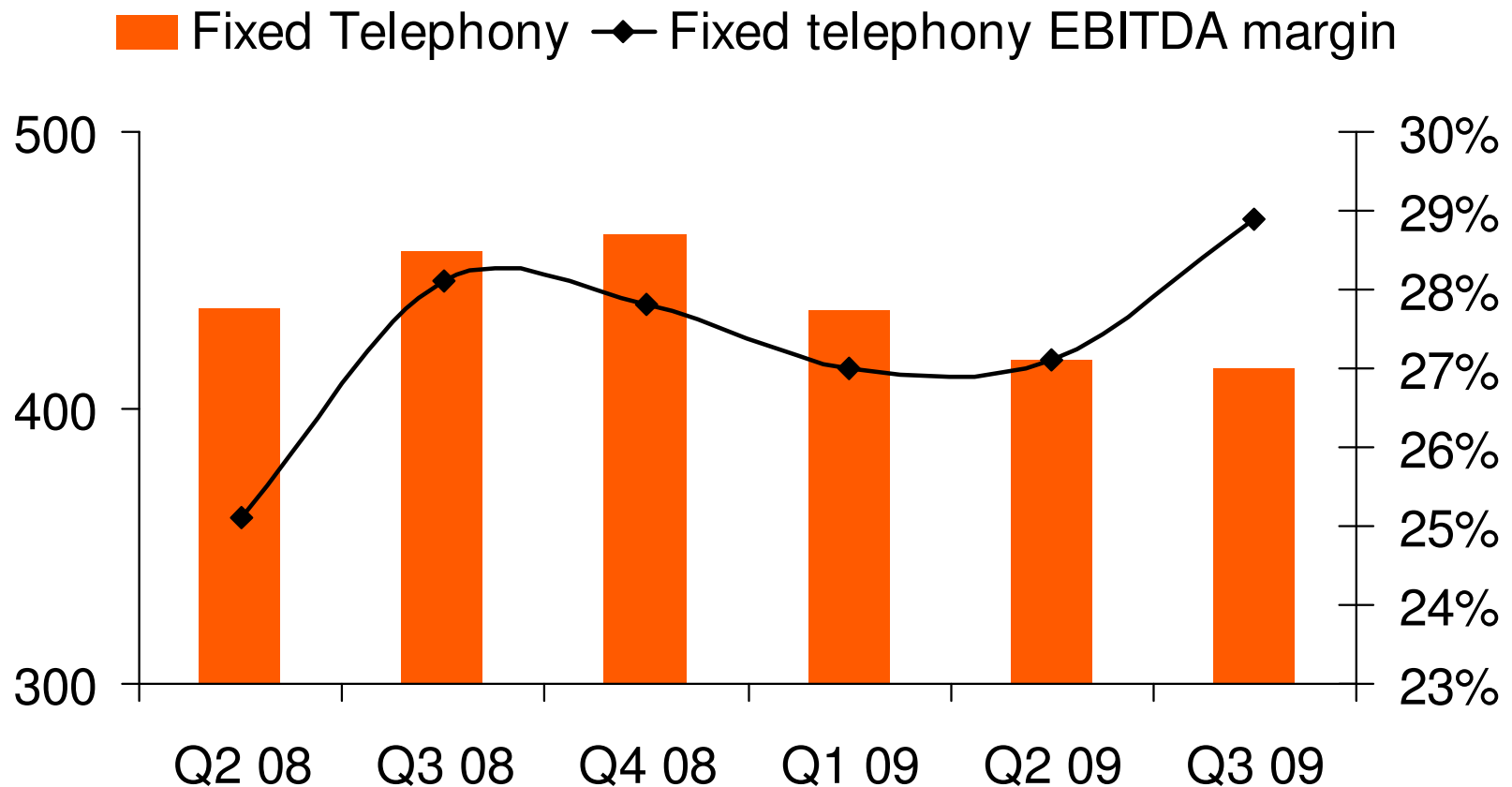


- Relatively strong development despite challenging economical times
 - Swedish ARPU being driven down by an increasing customer base in Mobile Internet

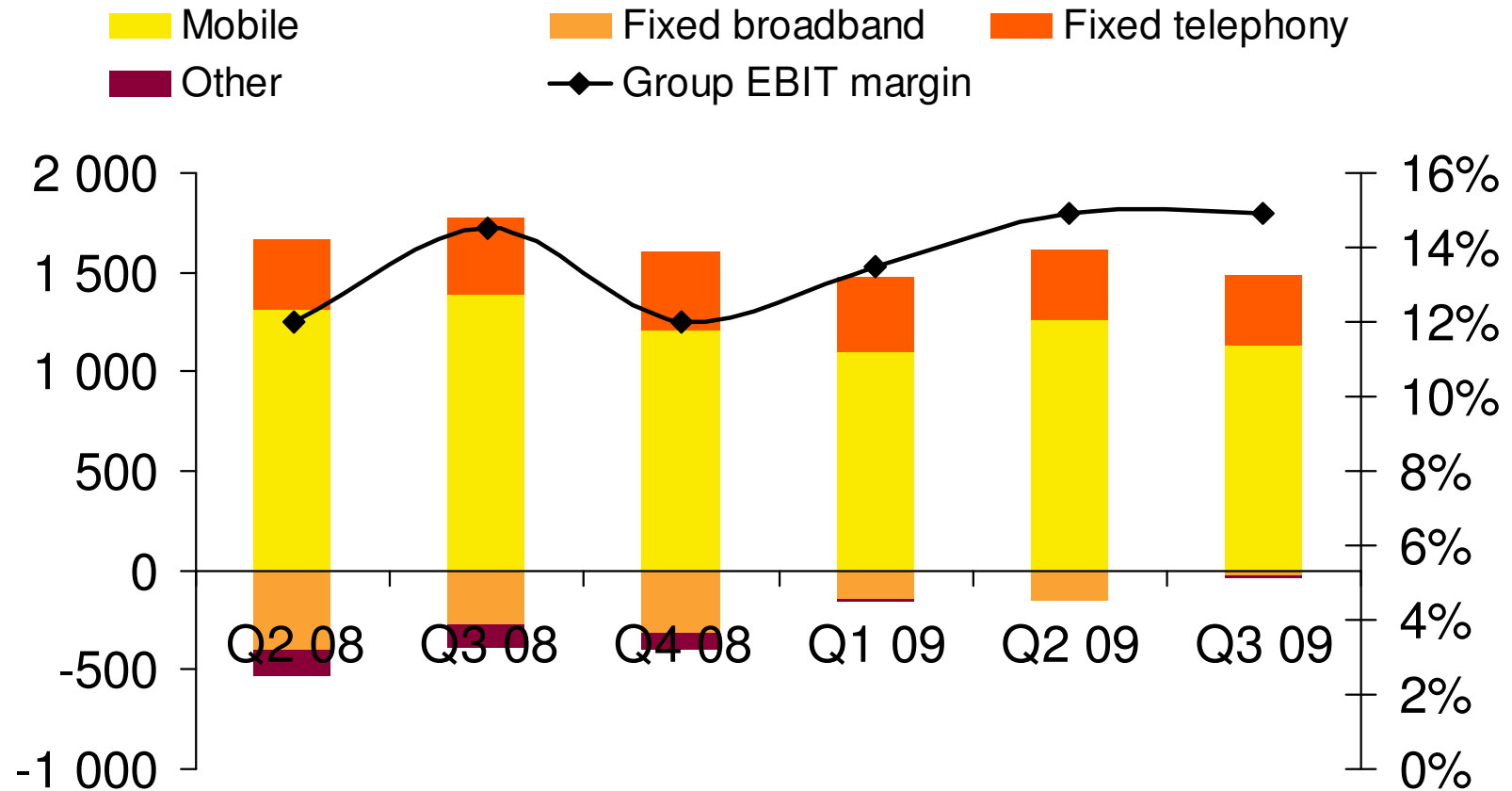
FIXED BROADBAND Q3 2009 EBITDA



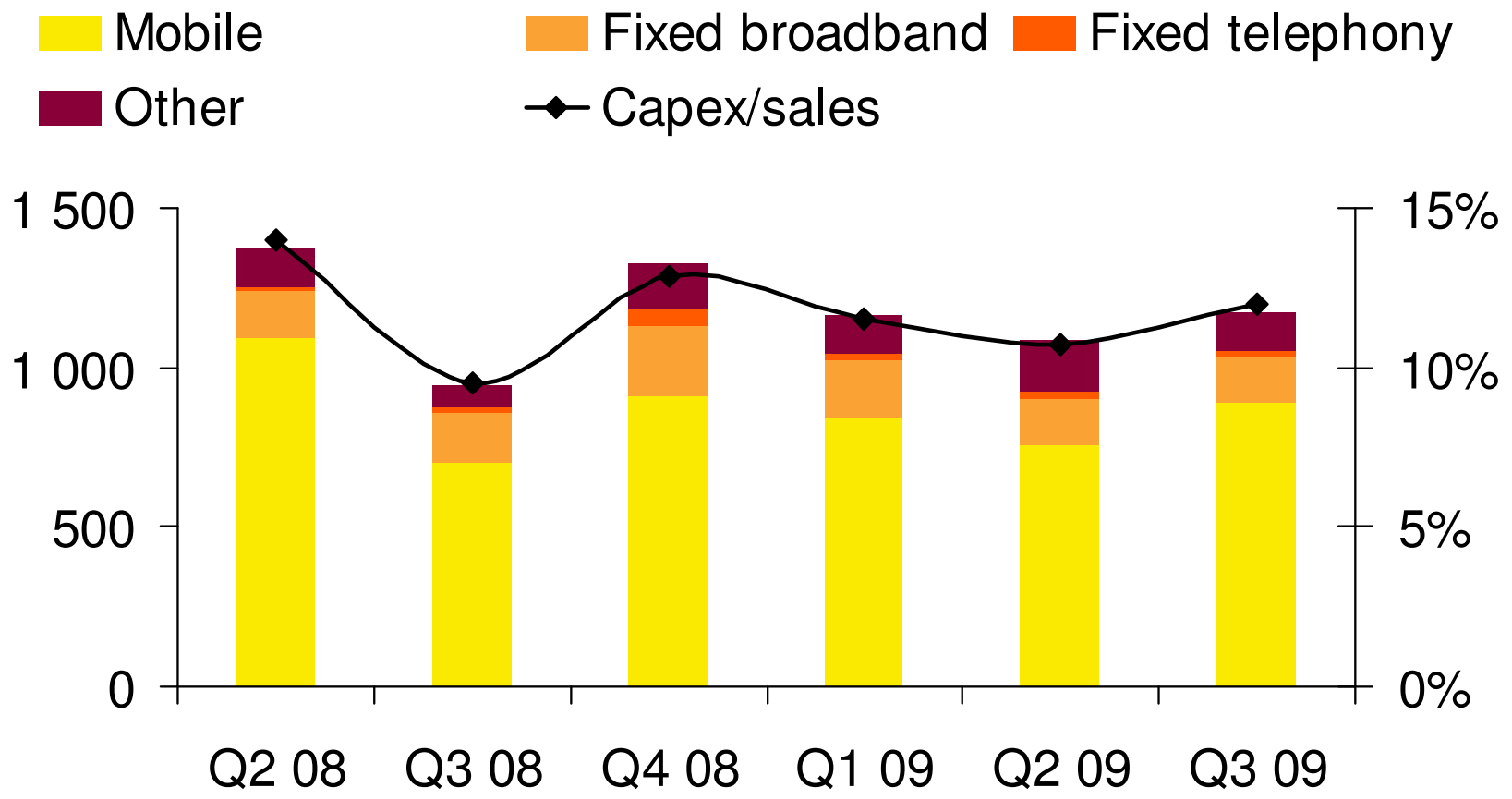
FIXED TELEPHONY Q3 2009 EBITDA



GROUP Q3 2009 EBIT



GROUP Q3 2009 CAPEX



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CONCLUDING REMARKS

Top priorities

- Best Deal
- Roll-out of new regions in Russia
 - All new regions launched by 1H 2010
- Targeting a long term mobile EBITDA margin in the mid 30's
- Mobile challenger



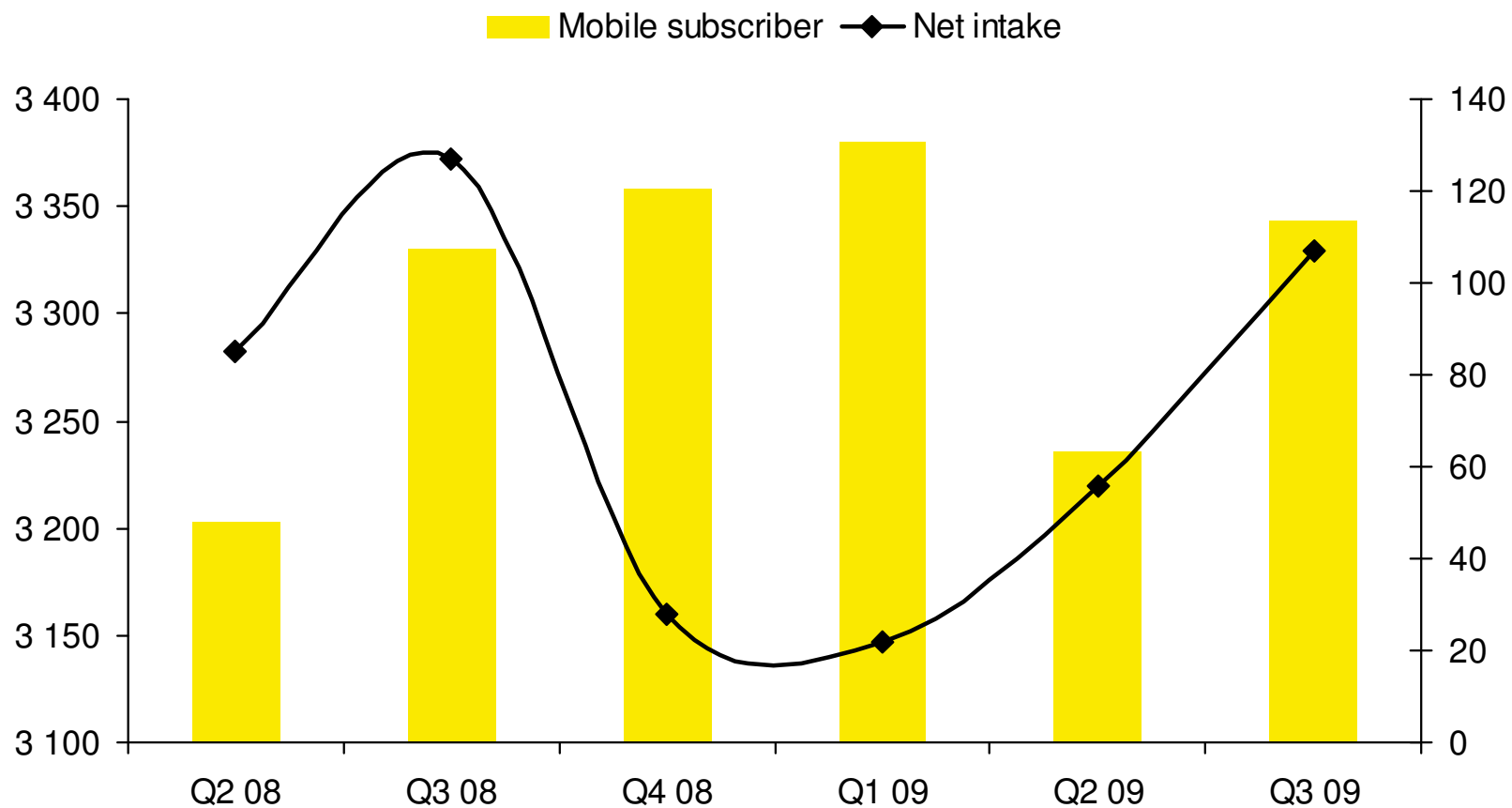
Q&A

TELE2

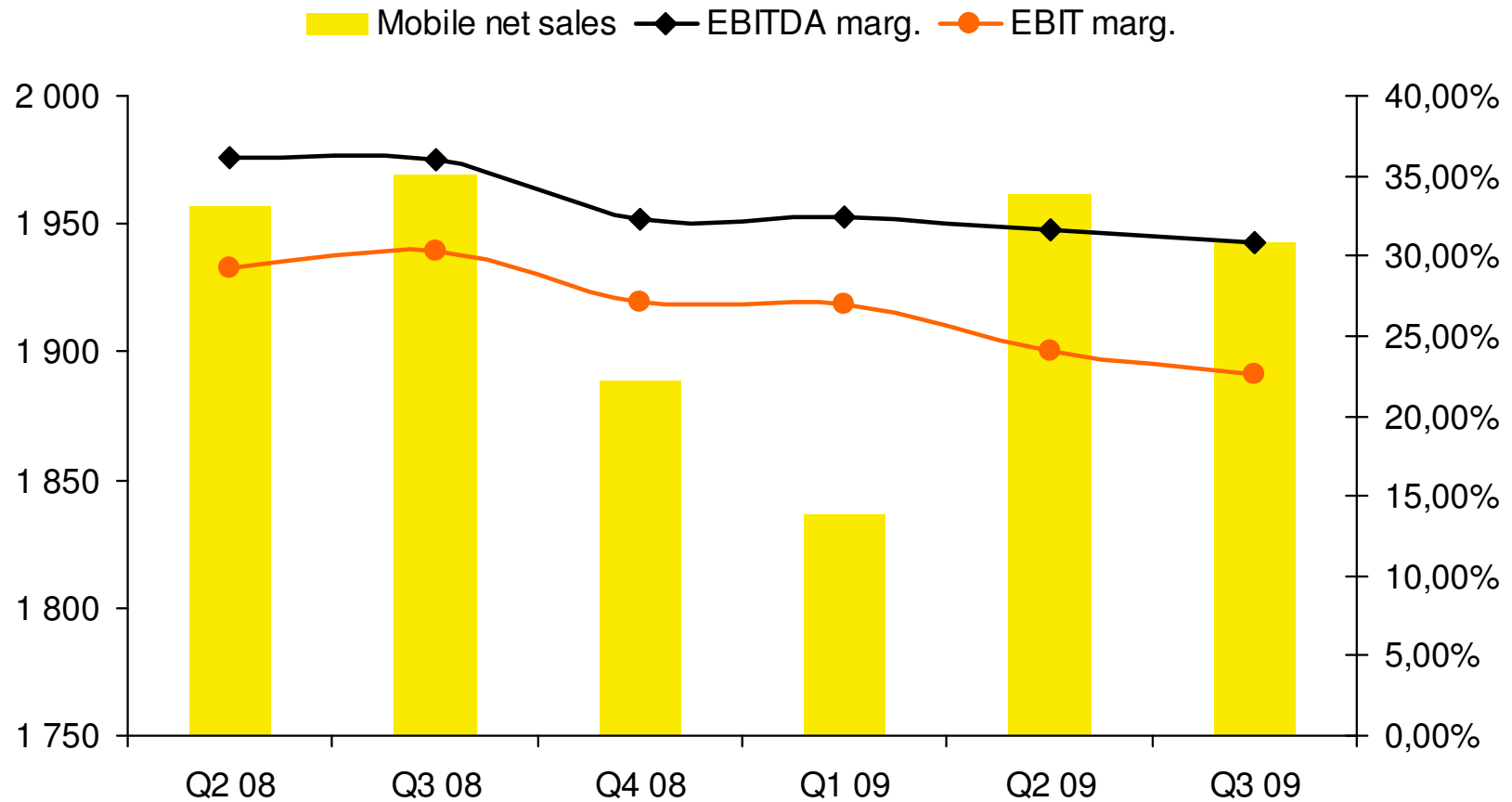
THE BEST DEAL

Appendix A

TELE2 SWEDEN MOBILE

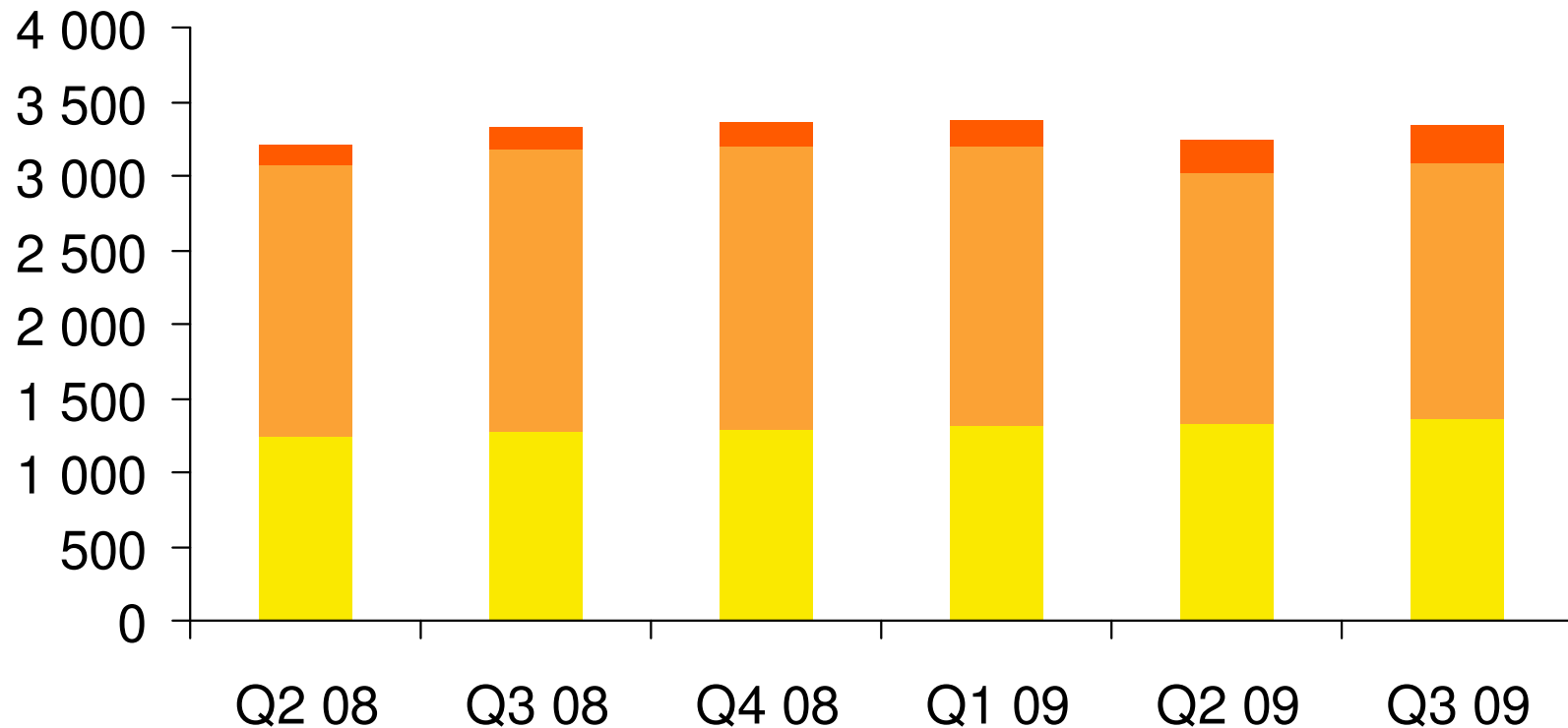


TELE2 SWEDEN MOBILE (contd)

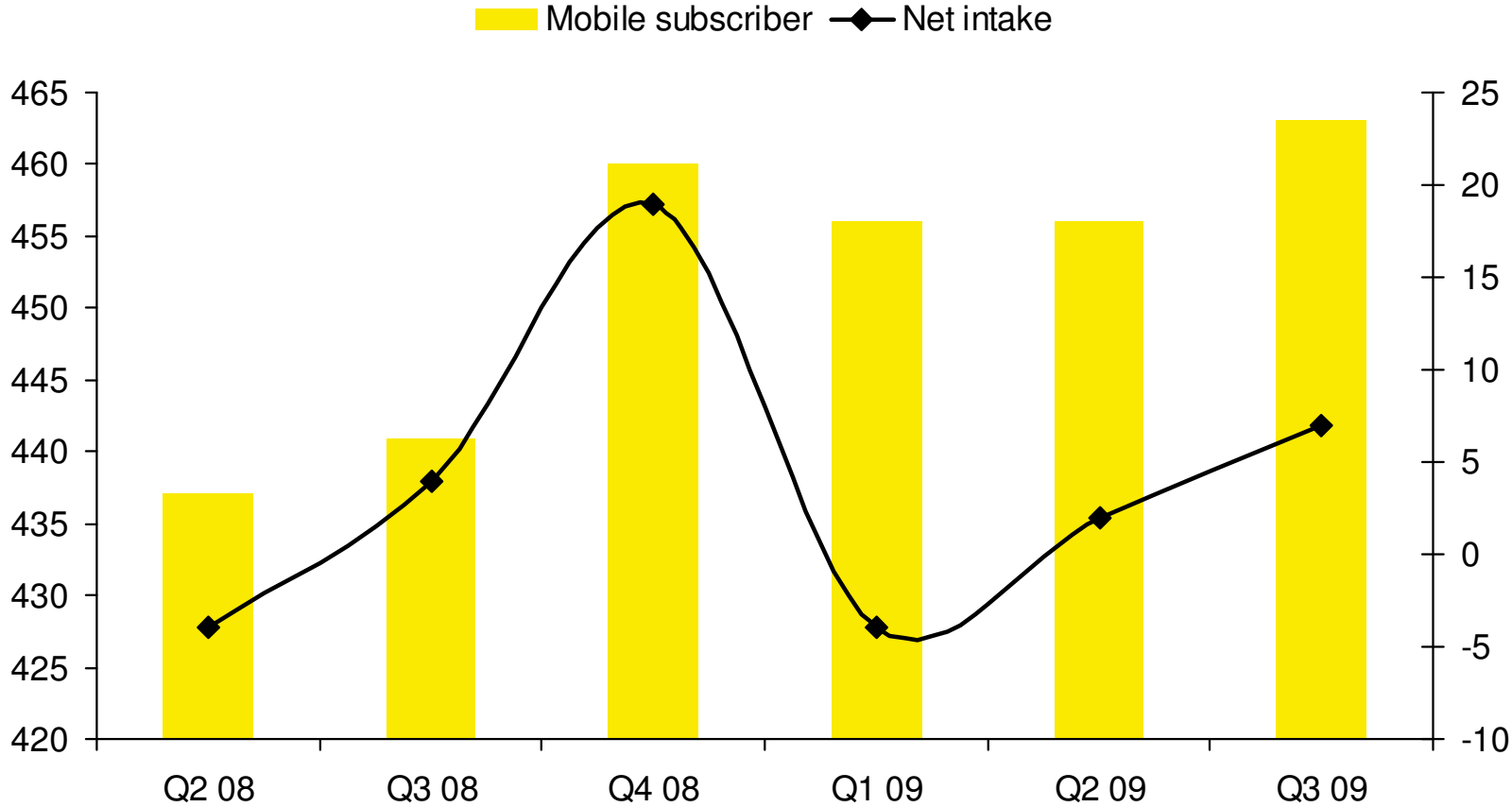


TELE2 SWEDEN MOBILE (contd)

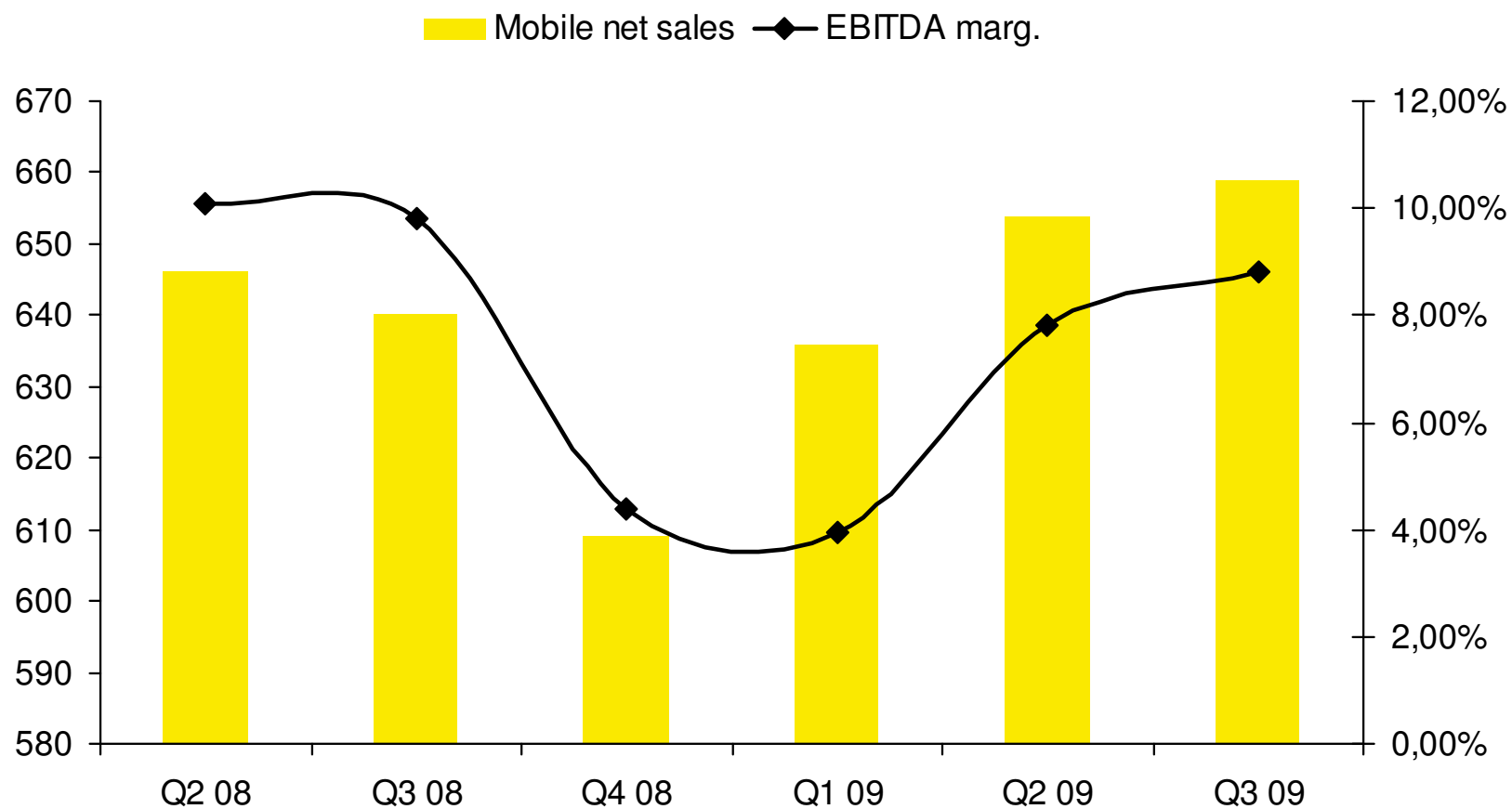
■ Post paid voice ■ Pre paid voice ■ Mobile Internet



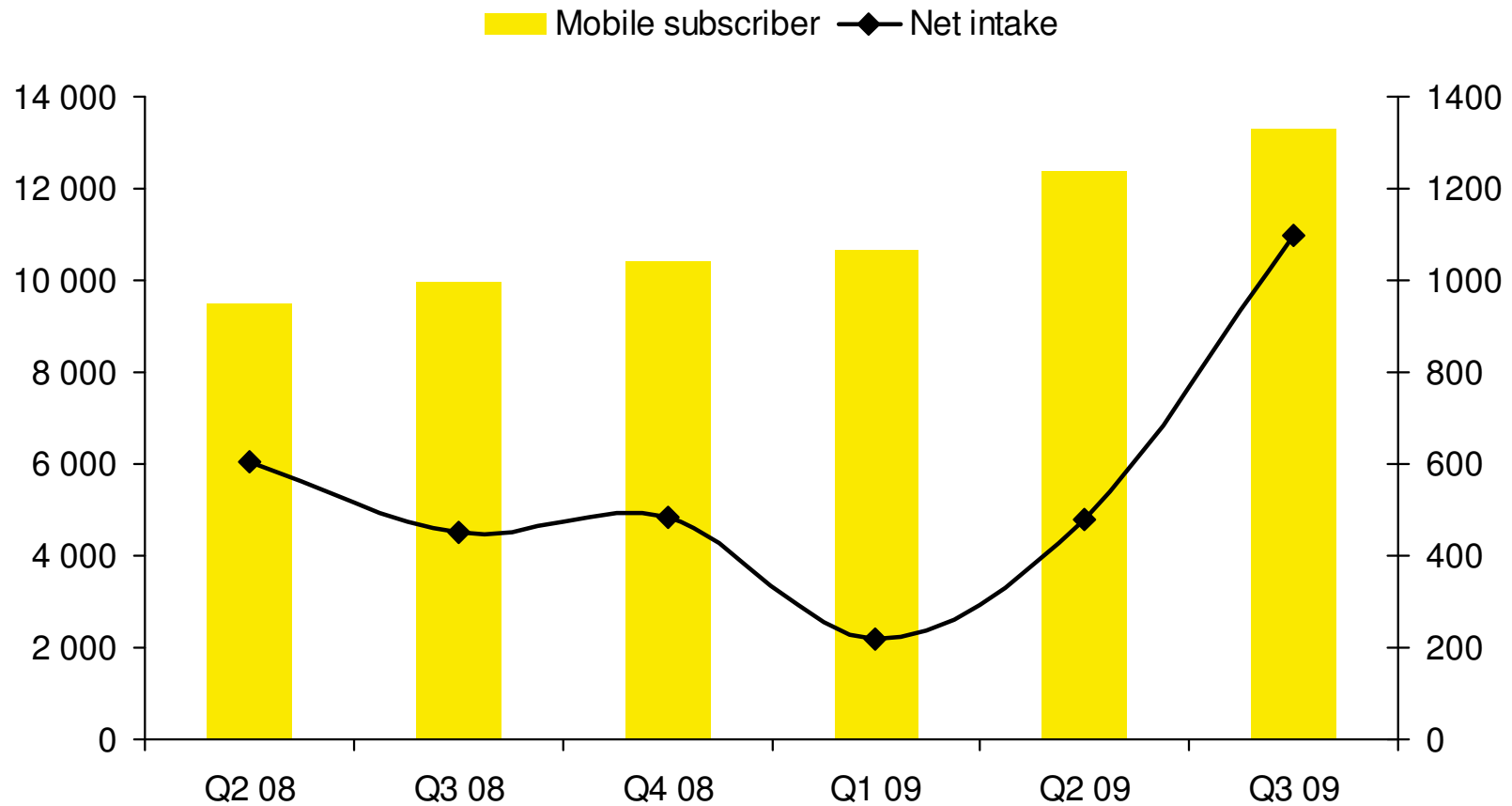
TELE2 NORWAY MOBILE



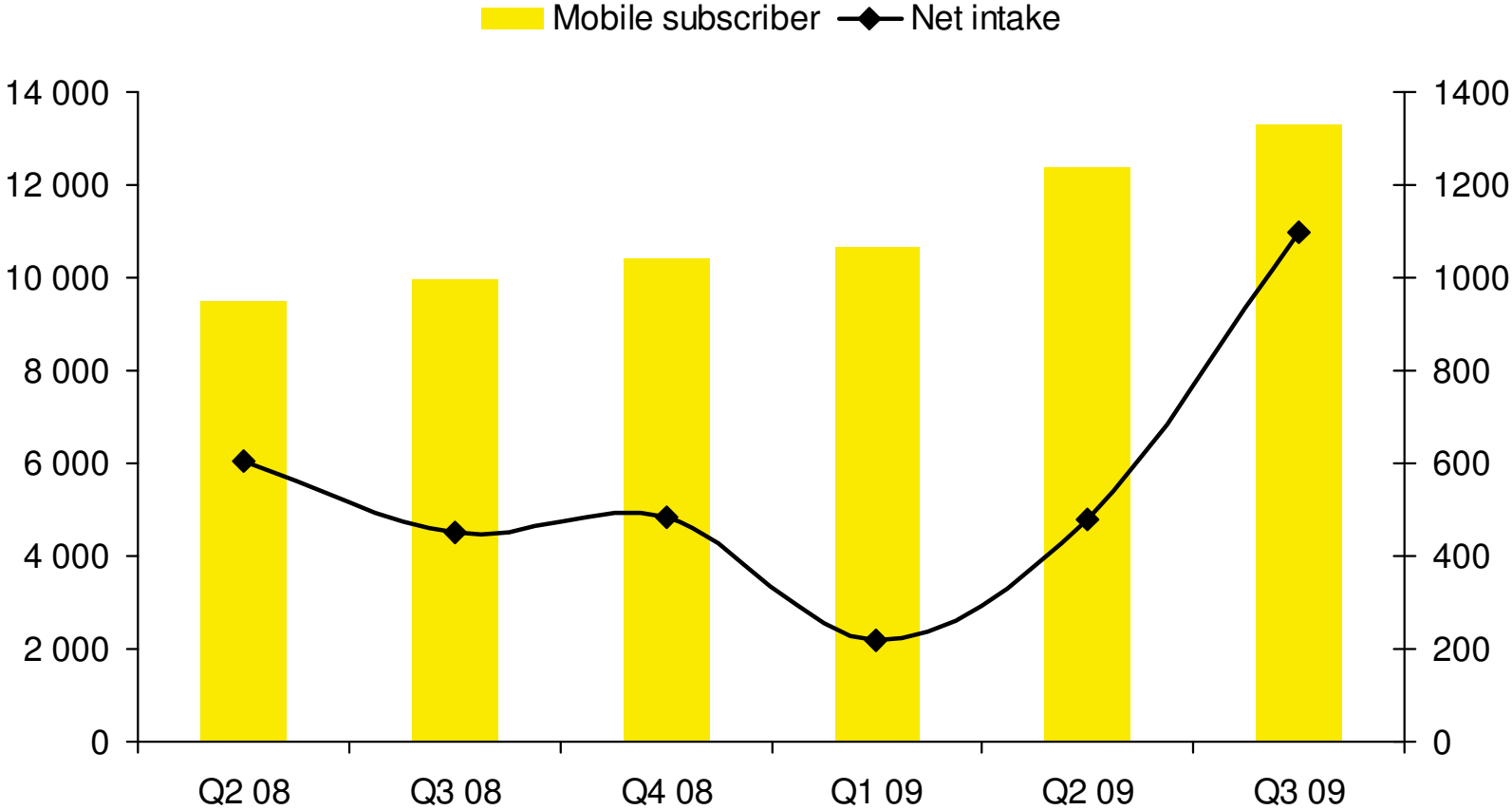
TELE2 NORWAY MOBILE (contd)



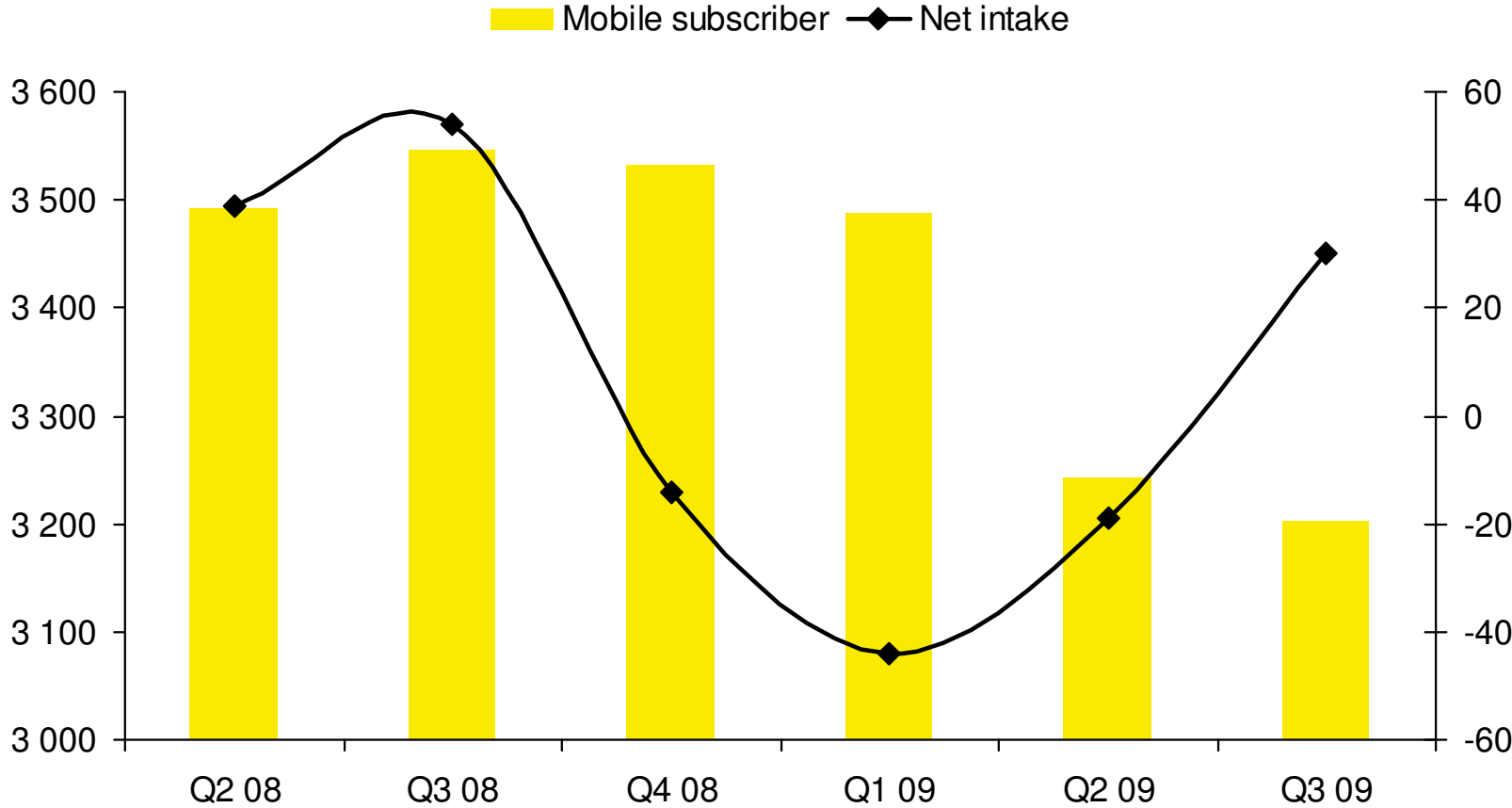
TELE2 RUSSIA MOBILE



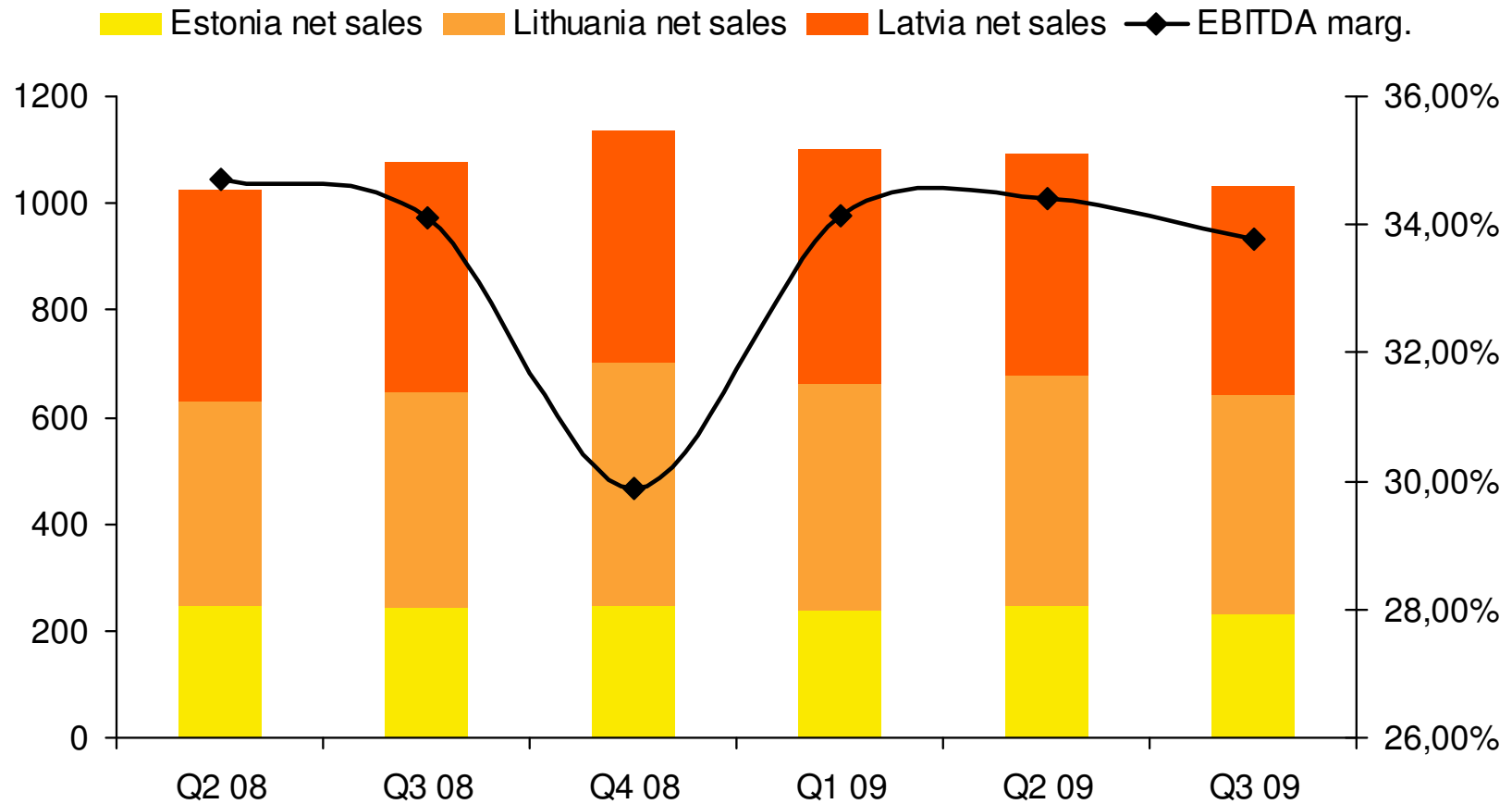
TELE2 RUSSIA MOBILE (contd)



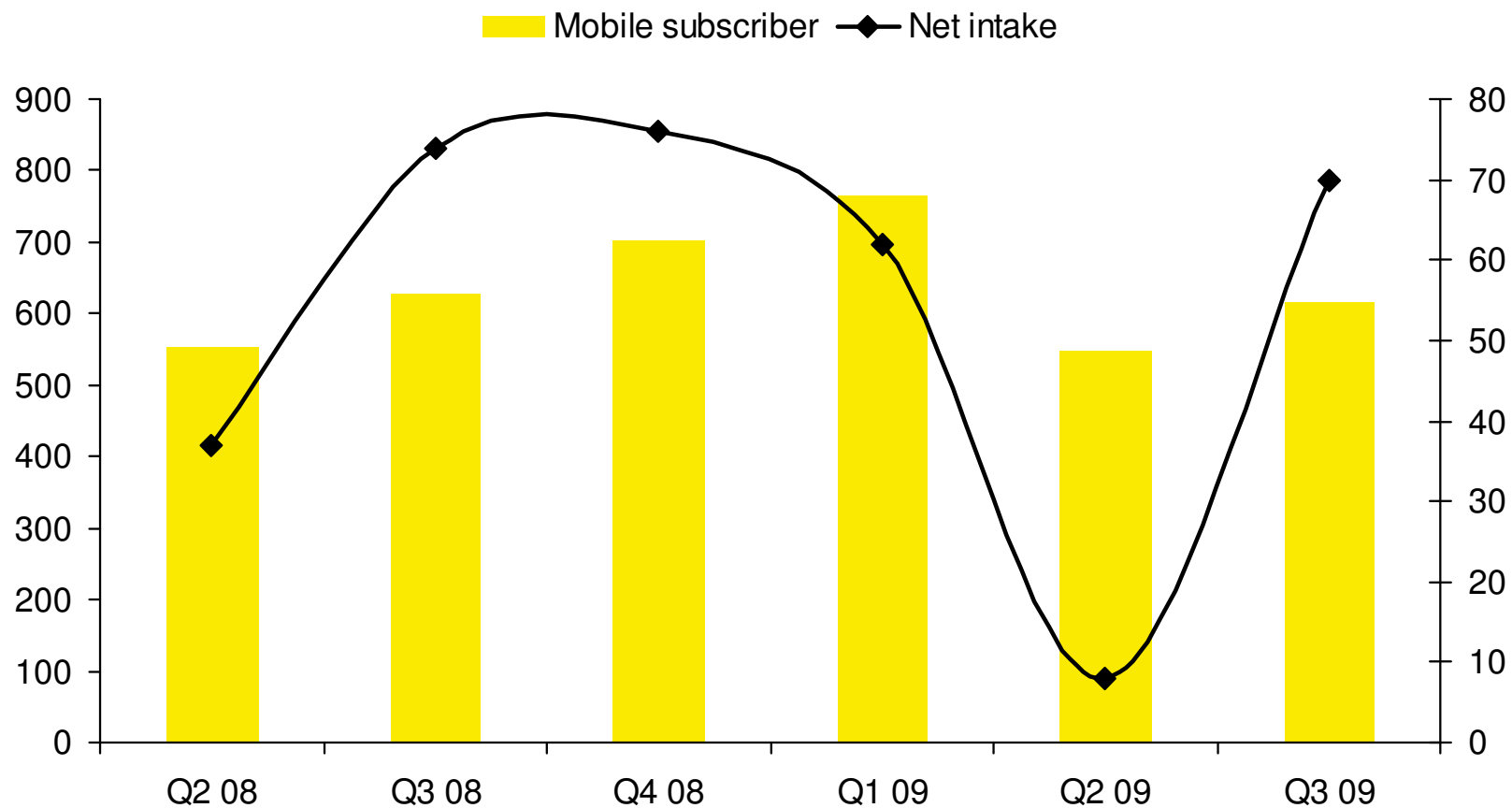
TELE2 BALTIC MOBILE



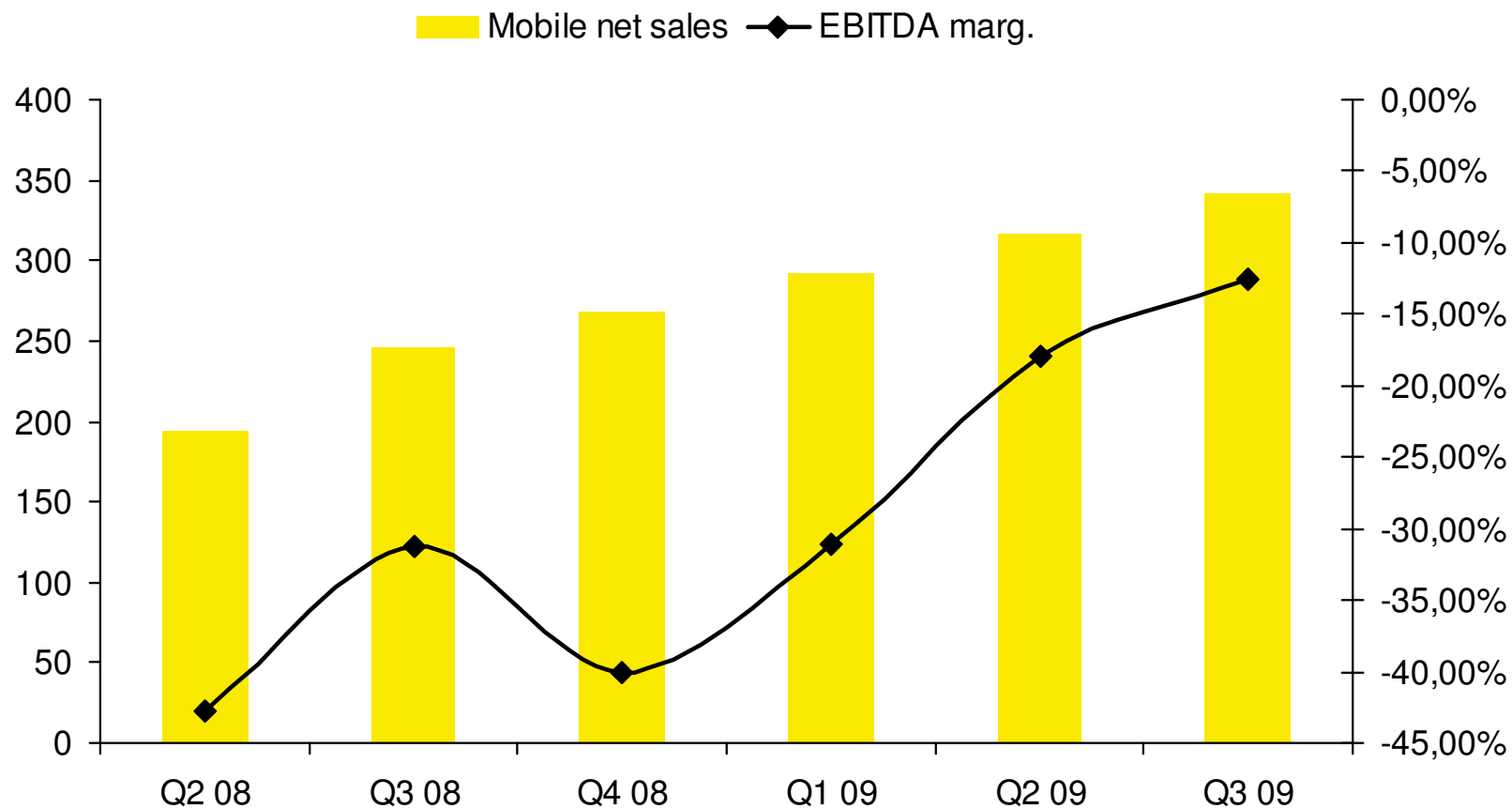
TELE2 BALTIC MOBILE (contd)



TELE2 CROATIA MOBILE



TELE2 CROATIA MOBILE (contd)



Appendix B

SWEDEN OUTLOOK

- Tele2 will continue to target higher market share in the postpaid segment, which in the longer term will lead to:

- Higher customer intake
- Improved ARPU
- Lower churn

Resulting in

- Higher customer lifetime value

- In the short term, this strategy will lead to higher total acquisition costs

Resulting in

- EBITDA margin towards 30 percent in 2010

RUSSIA OUTLOOK

- Subscriber base should be able to reach 18-19 million by YE 2011
- Maintain ARPU growth at 5% by 2011
- EBITDA margin 2010-2011
 - Old regions' EBITDA margin should evolve in the range of 40-45 percent
 - New regions' EBITDA margin should break even 2 years from launch
 - Russia's total EBITDA margin should develop in the range of 25-30 percent
- Capex 2010-2011
 - Accumulated Capex in Russia should be in the range of SEK 4.5-5.0 billion
- Selected acquisitions – when available and under right conditions

NET DEBT AND DIVIDEND TARGETS

- Shareholder remuneration
 - “Tele2’s intention over the medium term is to pay a progressively increasing ordinary dividend”
- Long-term financial leverage
 - “Tele2’s longer-term financial leverage, defined as the net debt /EBITDA ratio, should be in line with the industry and the markets in which it operates”
- Short-term consideration
 - “The company needs to take the uncertainties in the financial markets into consideration and act accordingly”

NET DEBT AND DIVIDEND TARGETS

- Cost control – best in class
- System makeover – we have started the journey
 - Significant potential through cost savings and improved business intelligence

FINANCIAL ITEMS Q3

SEK million	Q3 09	Q3 08	Change
External			
Net interest expenses	-111	-132	21
Exchange rate differences, external	138	-209	347
Other financial items	-10	-16	6
	17	-357	374
Exchange rate differences, intragroup	182	67	115
Financial items	199	-290	489

FINANCIAL ITEMS YTD

SEK million	YTD 09	YTD 08	Change
External			
Net interest expenses	-349	-314	-35
Exchange rate differences, external	64	-93	157
Other financial items	-41	-71	30
	-326	-478	-152
Exchange rate differences, intragroup	-50	58	108
Financial items	-376	-420	44

TELE2

THE BEST DEAL