



**Lars-Johan Jarnheimer**  
President and CEO  
Q3 2004 Financial Report

# We remain a growth company



- ⇒ Q3 Revenue growth of 14% with customer intake over 1 million
- ⇒ Mobile and Fixed has stabilized in Sweden
- ⇒ Tremendous improvement in Central
- ⇒ Great pick up in Baltic & Russia, particularly in Russia
- ⇒ Disappointment in Southern Europe

## Churn – what is happening?

- ⇒ In most markets churn is stable
- ⇒ In Southern Europe and the Netherlands churn rose
- ⇒ Incumbents - maintained a high level of marketing activity/aggressive win back campaigns throughout the summer...so
  - We have taken substantial steps to counter churn in these markets
  - We are already, this quarter, seeing the positive impact of our measures to reduce churn
  - We are confident churn will turnaround in these markets – we have experienced this problem before and have overcome it

## Customer additions



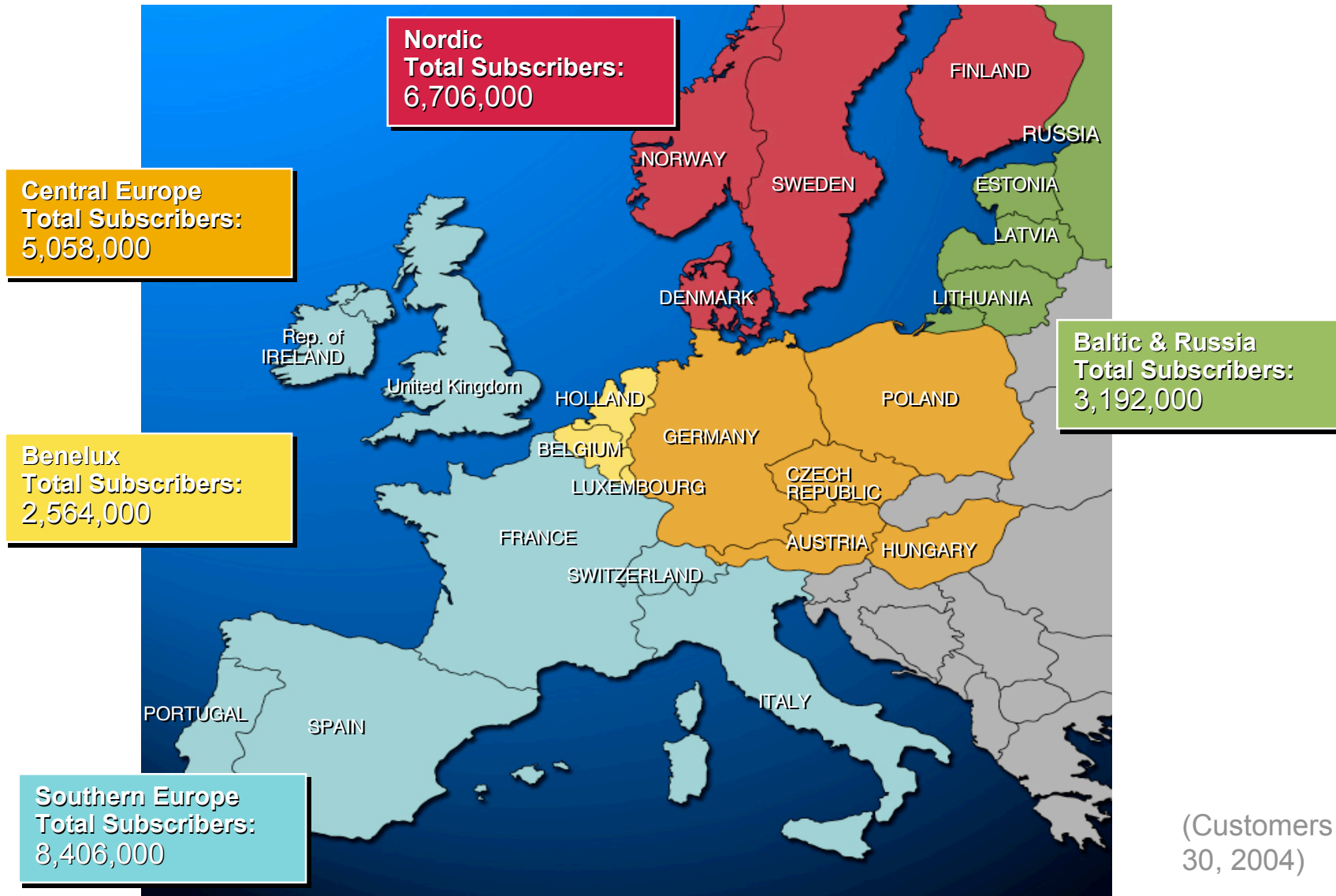
- ⇒ Over 1 million subscribers added in Q3 2004
- ⇒ Gross additions in Q3 2004 are above the level of Q3 2003 and Q2 2004
- ⇒ Strong customer intake in Baltic & Russia and Central Europe
- ⇒ Reduction in cross selling to fixed line customer base means 350,000 fewer dial-up Internet customers than corresponding period in 2003

# Song Networks and UTA



- ⇒ Cash Bid for Song Networks launched on Sept 29 – SEK 85 per share valuing Song at SEK 4.95 billion
- ⇒ Prospectus published and approval received from Finnish Competition Authorities
- ⇒ UTA acquisition announced on Oct 14 for €213 million on a debt free basis
- ⇒ We expect annual synergies amounting to €30 million
- ⇒ These acquisitions are consistent with our principles:
  - Build a customer base and a brand
  - Achieve profitability
  - If costs can be reduced further then investments in infrastructure may be considered

# 25.9 million customers



(Customers as of Sept 30, 2004)



## Nordic highlights

<i>(MSEK)</i>	Q3 2004	Q3 2003	% Change
Operating Revenue	3,559	3,427	+4
EBITDA	1,000	1,158	-14
EBIT	785	936	-16

- ⇒ Nordic market is sound
- ⇒ Margins in Swedish mobile and fixed are now sequentially stable, despite market competition and lower mobile interconnect rates compared to last year
- ⇒ Wholesale line rental marketing has commenced in Sweden
- ⇒ Norway is progressing well: MVNO on-line sales strong and WLR positively impacting churn

## Baltic & Russia highlights

<i>(MSEK)</i>	Q3 2004	Q3 2003	% Change
Operating Revenue	884	752	+18
EBITDA	239	229	+4
EBIT	110	151	-27

- ⇒ Excellent customer intake of 435,000 with Russian mobile being particularly strong
- ⇒ Strong customer intake in Russia somewhat dilutes ARPU
- ⇒ Tele2 has obtained a fixed line licence in Turkey with launch date to be announced



## Southern Europe highlights

<i>(MSEK)</i>	Q3 2004	Q3 2003	% Change
Operating Revenue	3,854	3,341	+15
EBITDA	183	288	-36
EBIT	146	248	-41

- ⇒ Normalised EBITDA developing well
- ⇒ Anti churn campaign launched and early indications are encouraging
- ⇒ Sizeable investments in UK launch and ADSL in France impact EBITDA by MSEK 175 compared to Q3 2003
- ⇒ Fixed line service launched in Ireland

## Central Europe highlights

<i>(MSEK)</i>	Q3 2004	Q3 2003	% Change
Operating Revenue	1,300	889	+46
EBITDA	114	-107	-
EBIT	63	-151	-

- ⇒ An excellent overall performance, particularly in Germany and Poland
- ⇒ EBITDA margin for the quarter reaches 9%: it was -12% one year ago
- ⇒ Customer intake 563,000 taking total over 5 million
- ⇒ APPU is impacted by dilutive effect mainly from Poland
- ⇒ Acquisition of UTA in early October

## Benelux highlights

<i>(MSEK)</i>	Q3 2004	Q3 2003	% Change
Operating Revenue	1,064	966	+10
EBITDA	87	57	+53
EBIT	55	27	+104

- ⇒ Strong financial performance
- ⇒ Belgium progressing well
- ⇒ Netherlands implements churn counter measures

**TELE2**

**TELE2**

**Håkan Zadler, CFO**  
**Financial Highlights**



# Q3 Results – Balancing Growth, Profitability and Cash Flow



...It's still there

	Q3 2004	Difference to Q3 2003	
Revenues (MSEK)	10,713	+1,299	+14%
EBITDA (MSEK)	1,658	+23	+1%
Operating Cash Flow less CAPEX (MSEK)	1,262	-20	-2%
EBITDA less CAPEX (MSEK)	1,334	+123	+10%
Customer Net Additions (thousands)	1,016	-621	-38%

## EBITDA less CAPEX

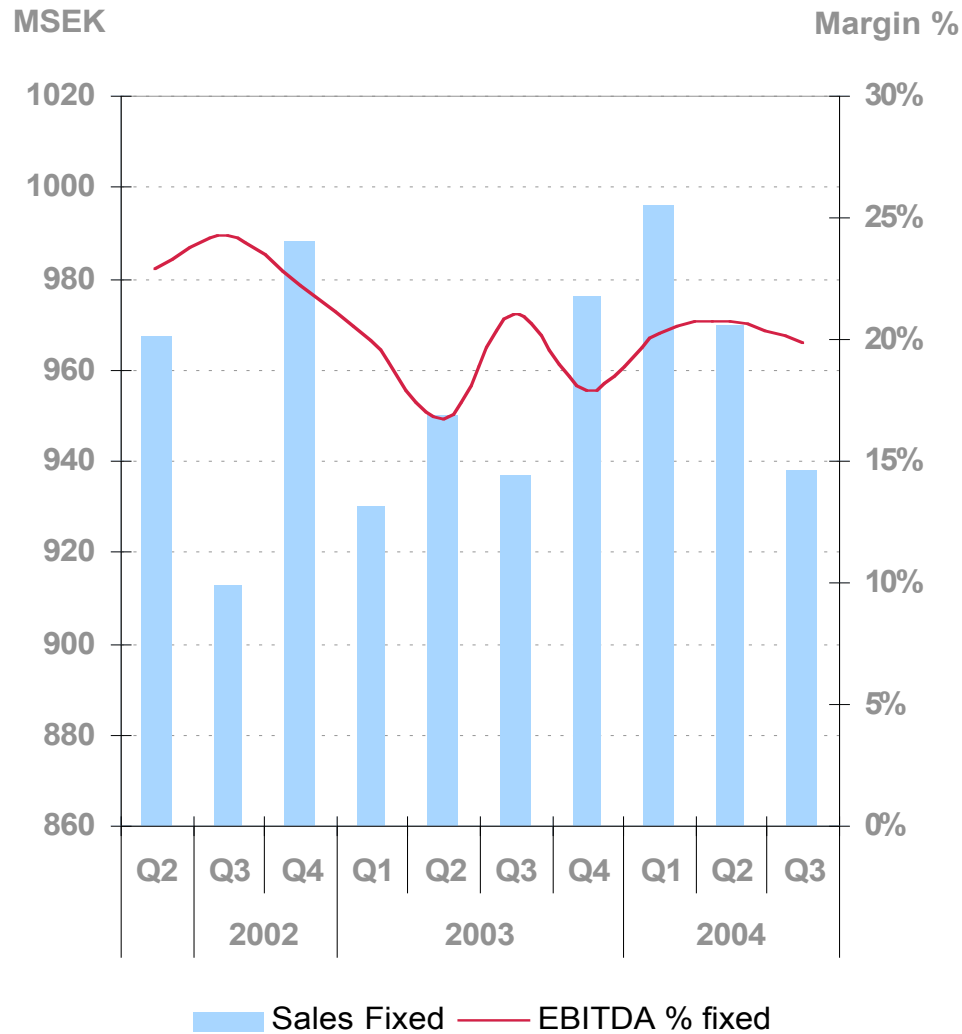


	Q3 2003	Q3 2004	Change
Nordic	1,047	910	-137
Baltic & Russia	-5	100	
Central	-136	82	
Southern	259	148	
Benelux	39	66	
Services	7	28	
Rest (excl Nordics)	164	424	+260

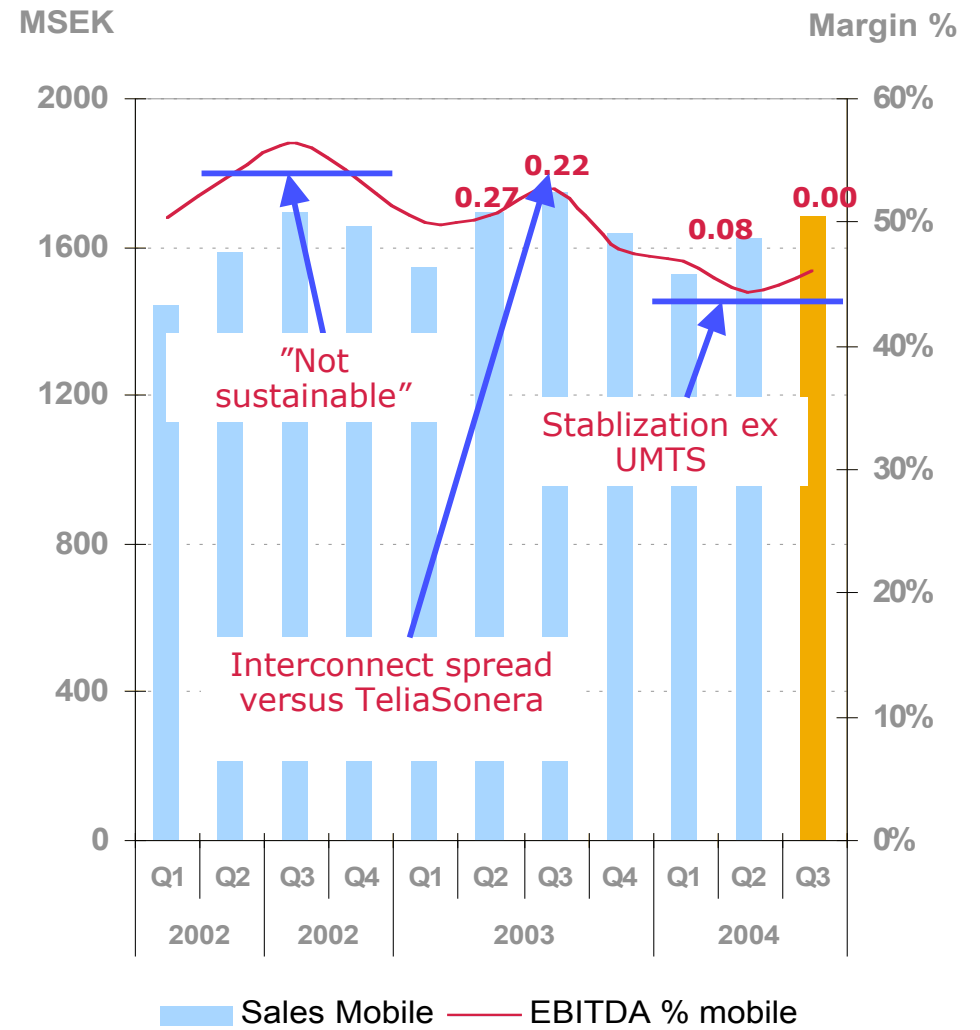
# SWEDEN



## Sweden Fixed line



## Mobile





# Mobile Sweden



(MSEK)	Q3 2004	Q3 2003	Change, MSEK
Operating Revenue	1,681	1,748	-67
EBITDA	773	919	-146
EBIT	674	817	-143
Interconnect margin to TeliaSonera, SEK	0.00	0.22	

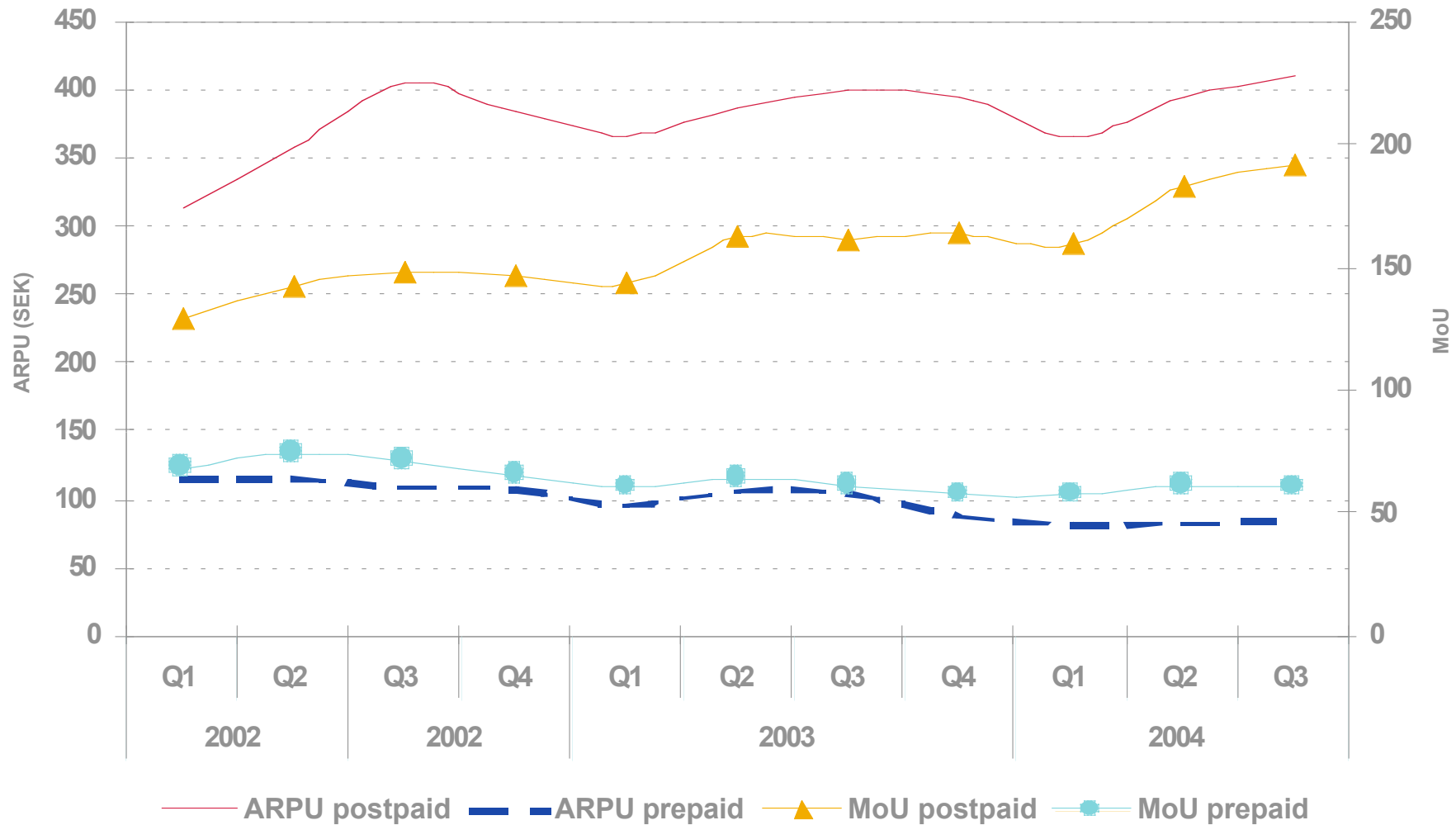
⇒ Margins stabilised

⇒ Revenue and margin decline mainly related to cuts in interconnect

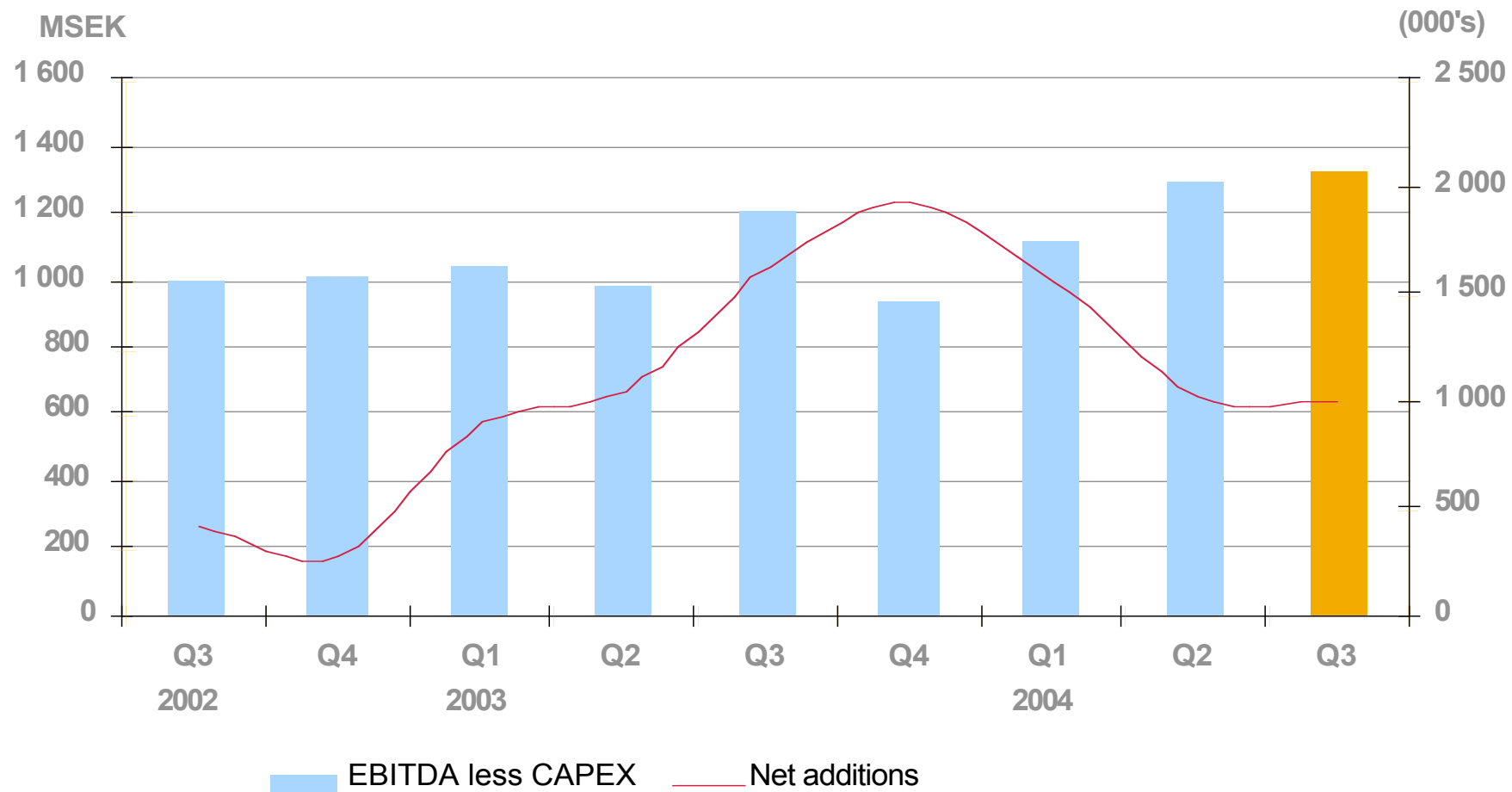
# Tele2 Mobile in Sweden



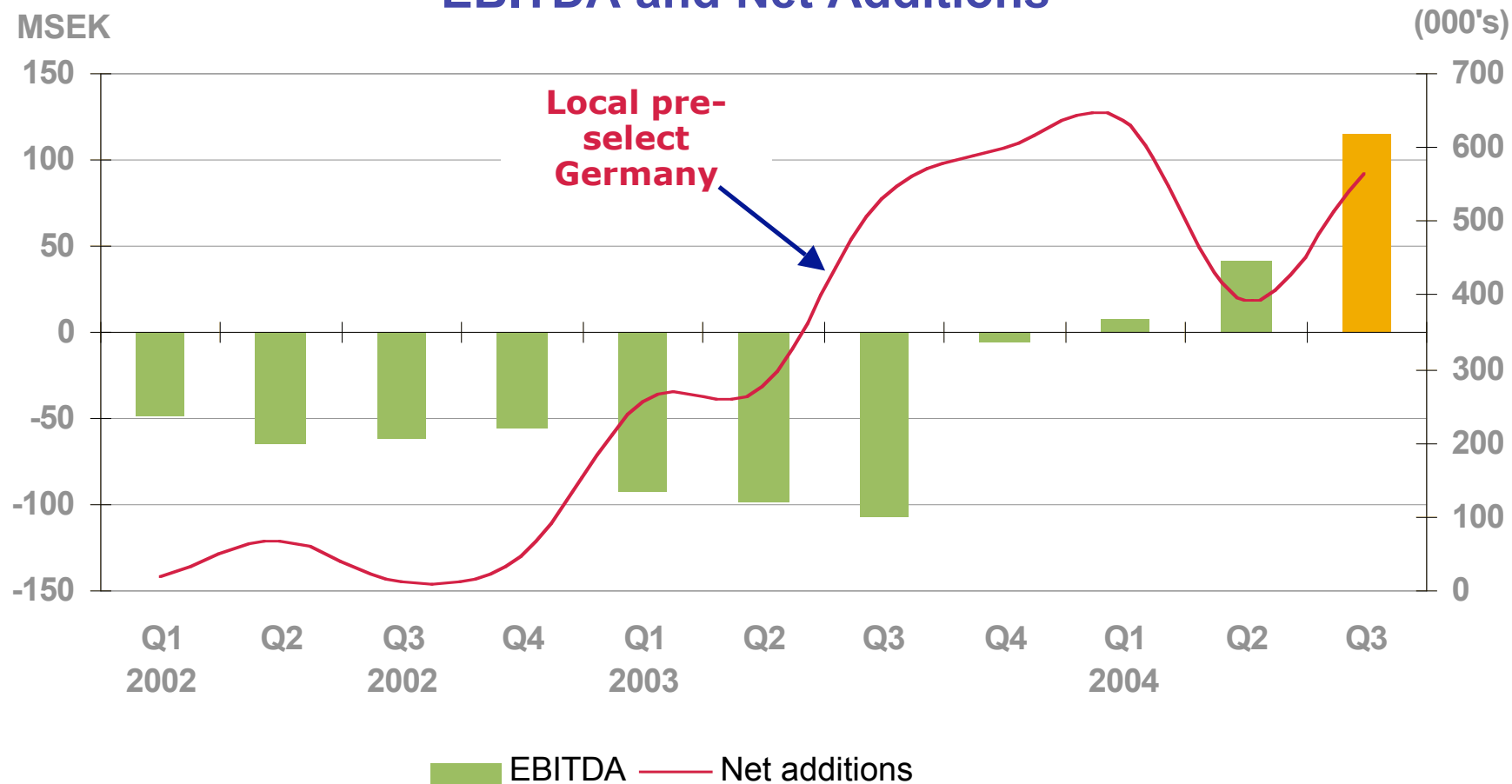
ARPU & MoU



## EBITDA less CAPEX and Net additions

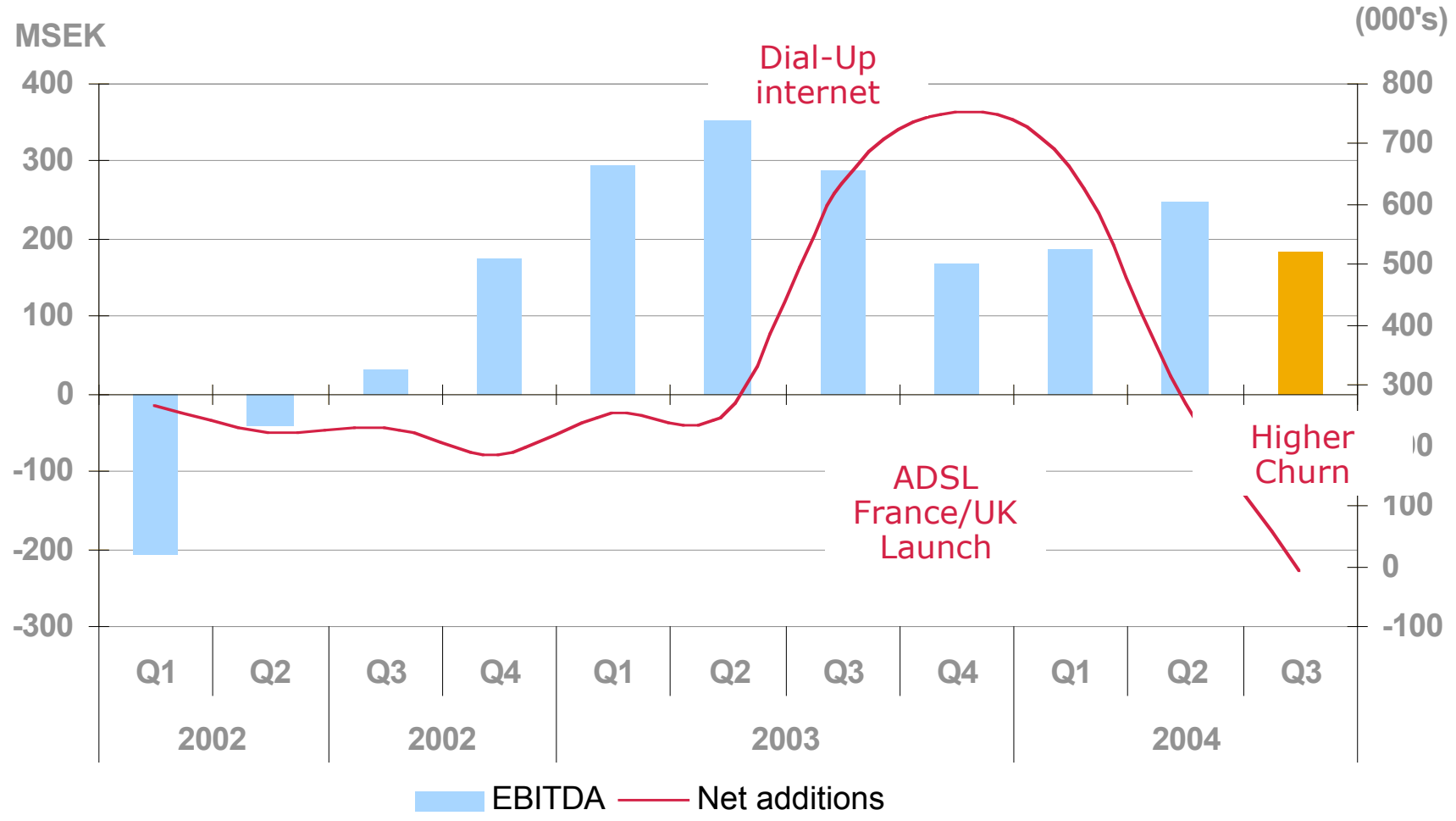


## EBITDA and Net Additions

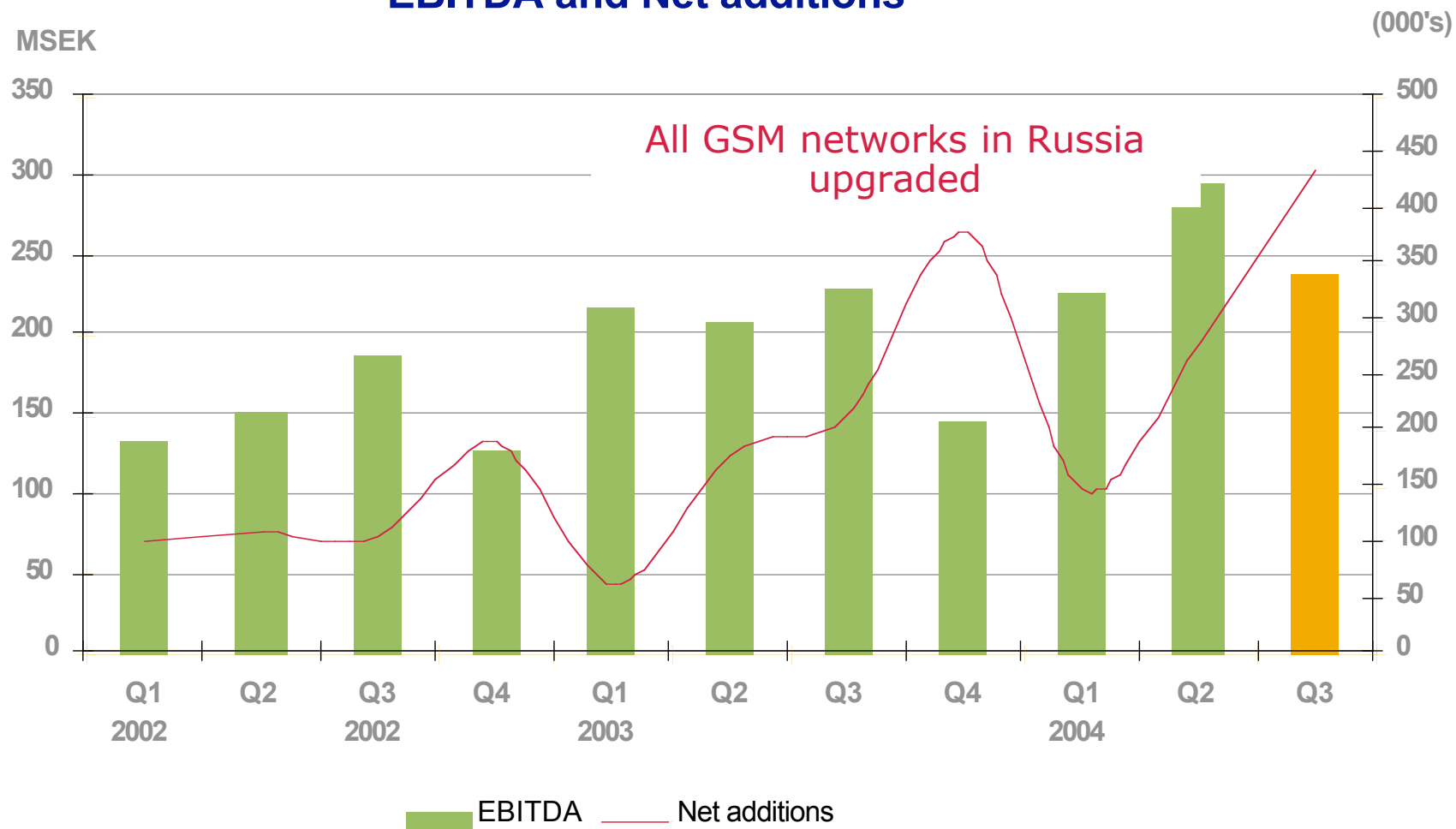


# Southern Europe

## EBITDA and Net additions



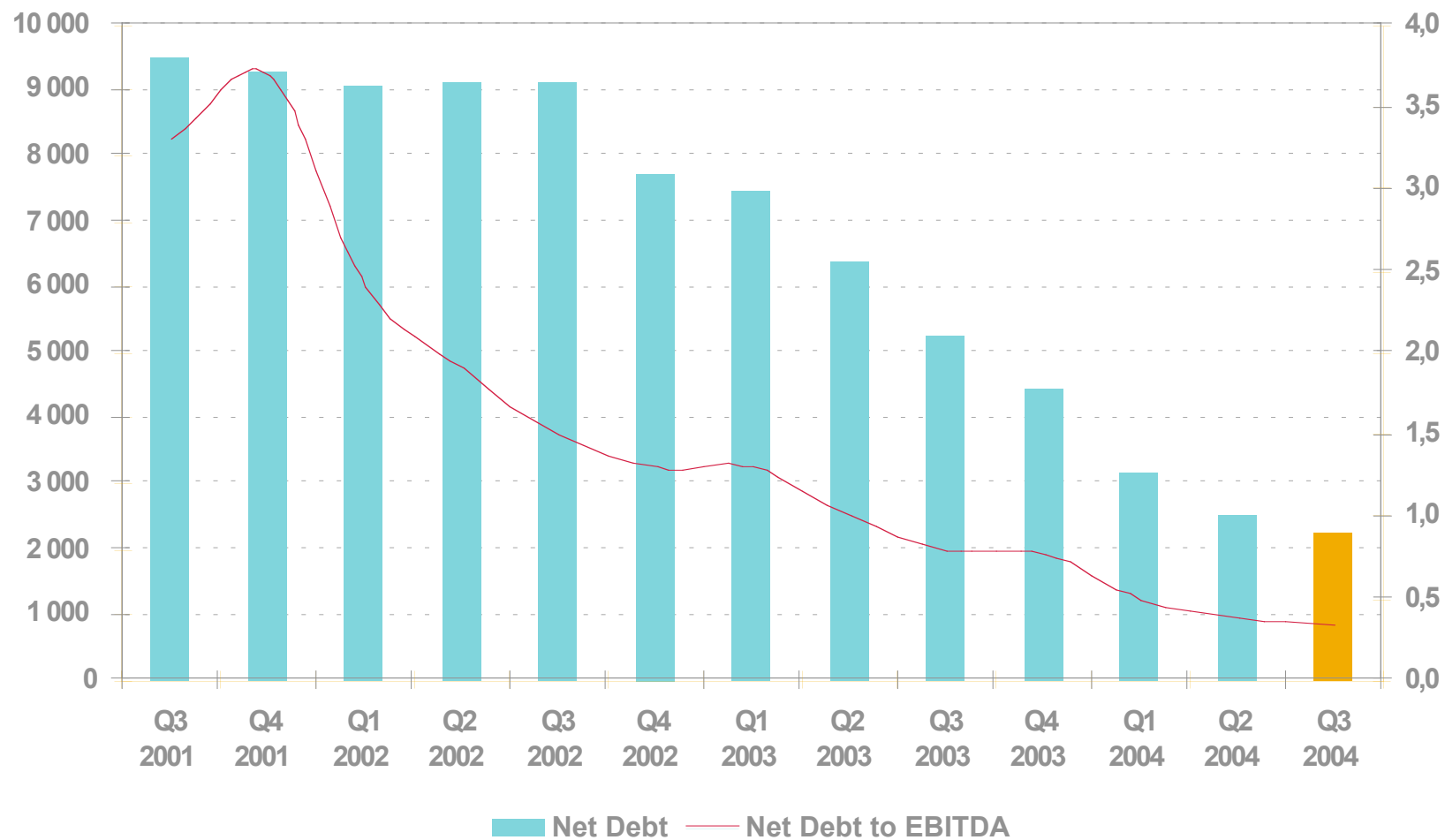
## EBITDA and Net additions



# Net Debt



### NET DEBT TO EBITDA





## Post Acquisition of Song and UTA

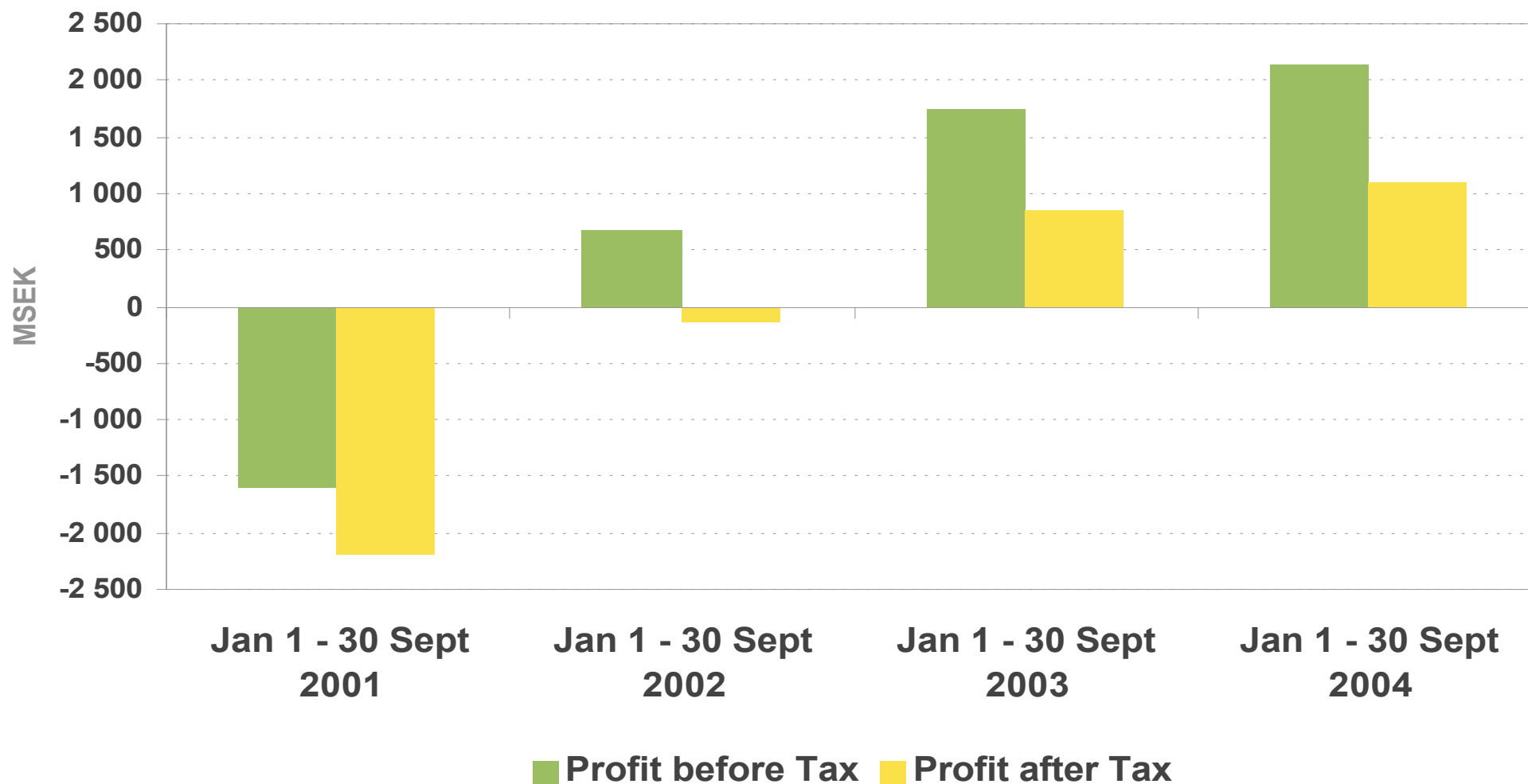
The financial resources are there

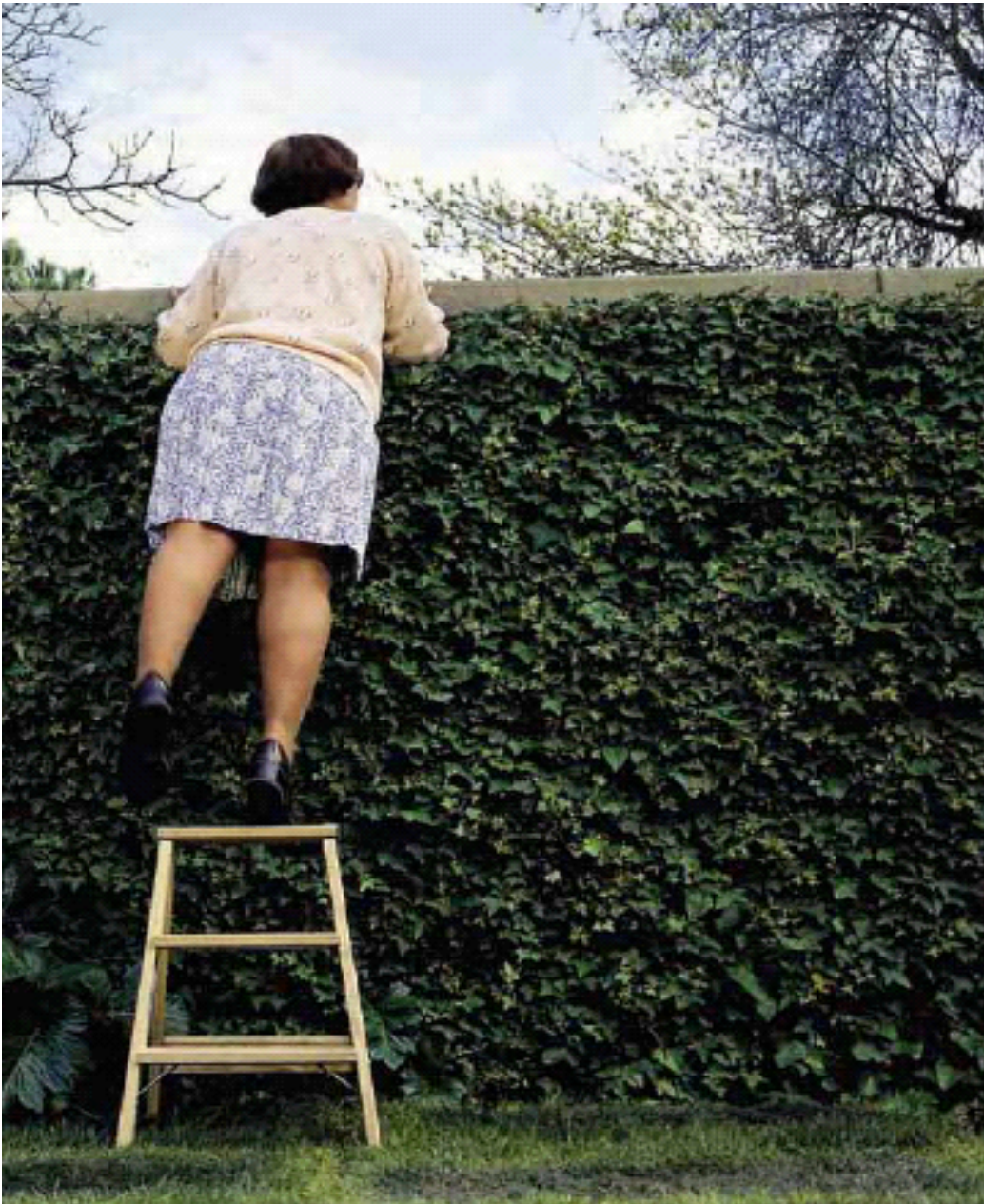
⇒ Net Debt to EBITDA level of 0.3 (annualized)

⇒ For Tele2 to reach Net Debt to EBITDA level of 2.5, we can add on 14 billion SEK in debt; based on current EBITDA level

⇒ Hence, we have financial flexibility

# Development of Profit before and after Tax





Q4 2004 financial report out  
on February 16, 2005