

Q4 2005
Financial Report

Lars-Johan Jarnheimer
President and CEO



Q4 Overview

	Q4 2005	Difference to Q4 2004	
Revenues (MSEK)	13,940	+3,010*	+28%
EBITDA (MSEK)	1,465*	-7*	0%
Customer Net Additions (thousands)*	1,156	-228	-16%

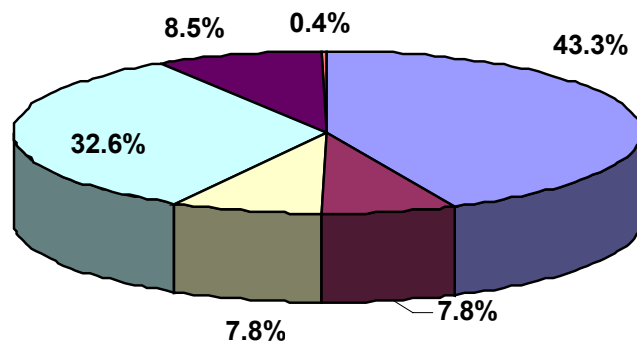
* Excluding non recurring items

- Key points
 - Very strong subscriber growth in Russia & Baltic market area
 - Central continues its good performance
 - Increase transparency and disclosure (broadband & Russia)
 - Board proposes year dividend of SEK 1.75, up 5%
 - Broadband push in France delayed due to unforeseen technical complexity

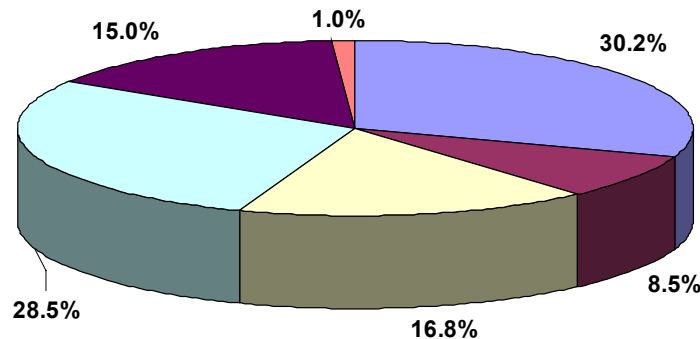
- In 2006 focus is on:
 - Continuing successful integration of acquired companies
 - Increased marketing of broadband products across Europe and MVNO in France
 - Developing further MVNO's and WLR offers in Europe
 - Continuing balance between Growth, Profitability and Cash Flow

Tele2 – Business outside Nordic growing rapidly

Revenue split 2002

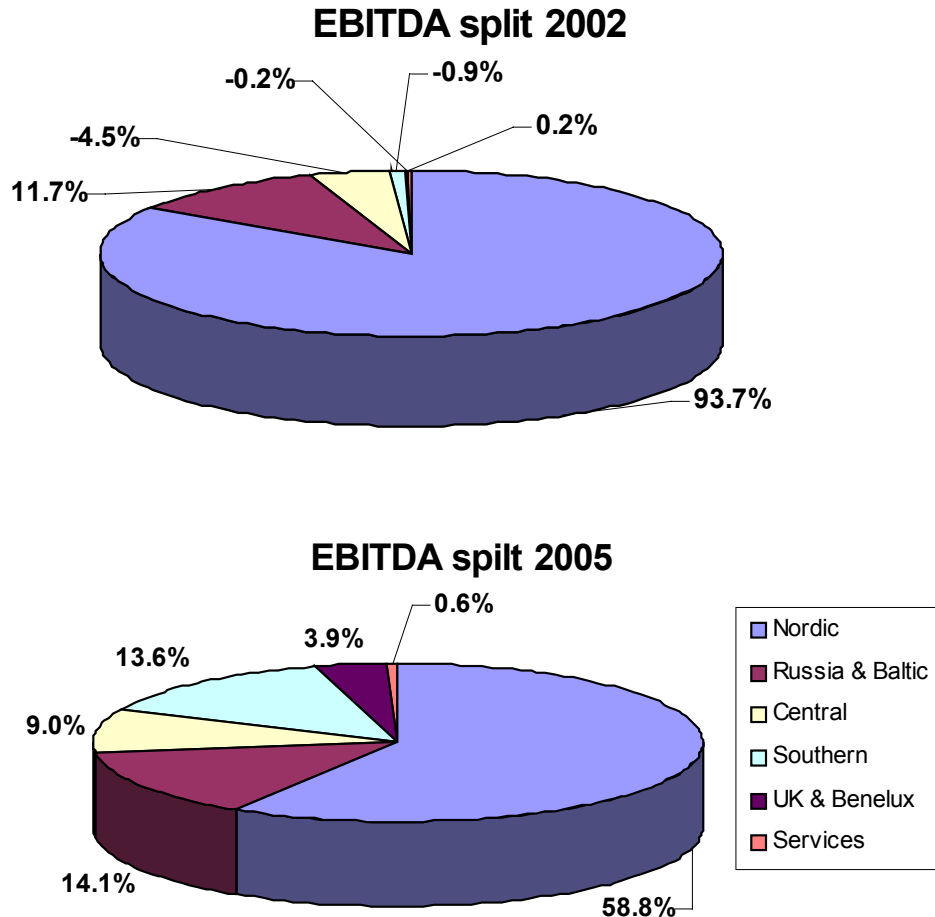


Revenue split 2005



- Between 2002 and 2005 non-Nordic revenues grew from **57% to 70%** of total group revenues
- This shift occurred while group revenues grew 60% between 2002 and 2005

Tele2 – Business outside Nordic growing rapidly



- The shift in contribution from non-Nordic EBITDA is even more pronounced
- Between 2002 and 2005 non-Nordic EBITDA grew from **6% to 41%** of group EBITDA
- EBITDA grew 28% between 2002 and 2005

Tele2 increasing its disclosure

- Broadband disclosed by market area for first time
 - Allowing both fixed and broadband development to be seen separately
- Customers with fixed telephony and dial-up Internet reported as one customer – 1,402,000 dial-up customers removed from subscriber base
- Russian disclosure increased
- Exact number of Swedish fixed and mobile customers disclosed

A steady quarter – Tele2 evolving

- Mobile:
 - Swedish mobile: 17% revenue growth and continued benefit from Knock-out
 - Russia & Baltic: record customer intake again
 - French MVNO has 40% share of MVNO market
- Broadband:
 - Customer intakes increasing and organic build out continuing
 - Broadband in Italy and Belgium going well
 - France delayed due to unforeseen technical issues
- Central and Germany in particular again produced strong results
- UK and Ireland operations sold
- Versatel 82.4% of capital tendered (inc. bonds), offer now unconditional



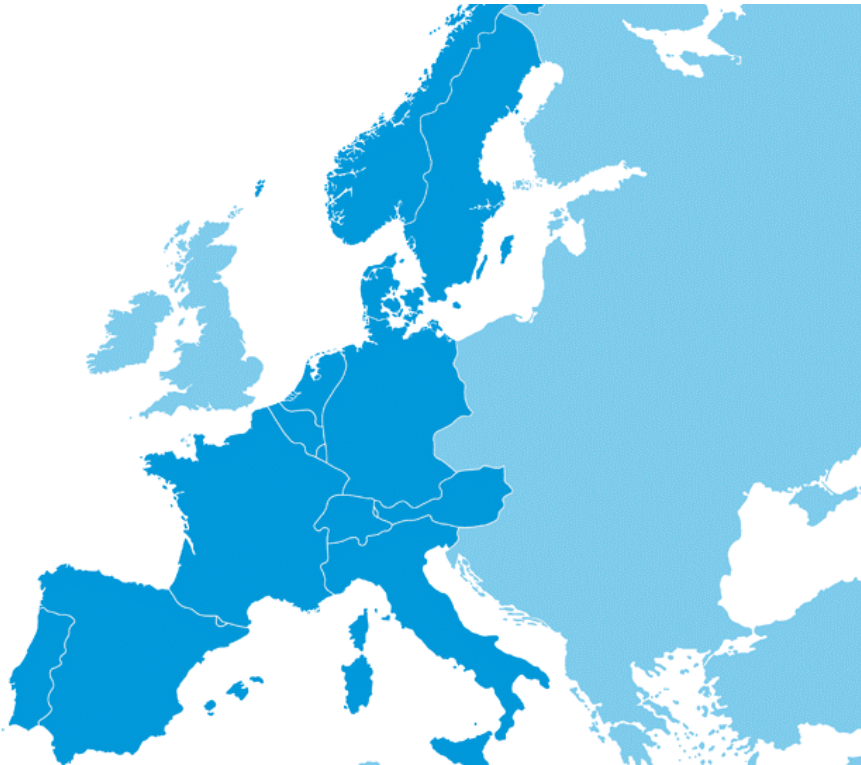
Russia – 14 Licences in 13 regions

- Russian mobile intake for the quarter was 762,000
- Tele2 now has close to 3.3 million mobile customers in Russia
- Tele2 is the fifth biggest and fastest growing mobile operator in Russia
- Q4 revenues in Russia grew by 126% YoY to MSEK 379
- EBITDA margin improved from –45% to –12%



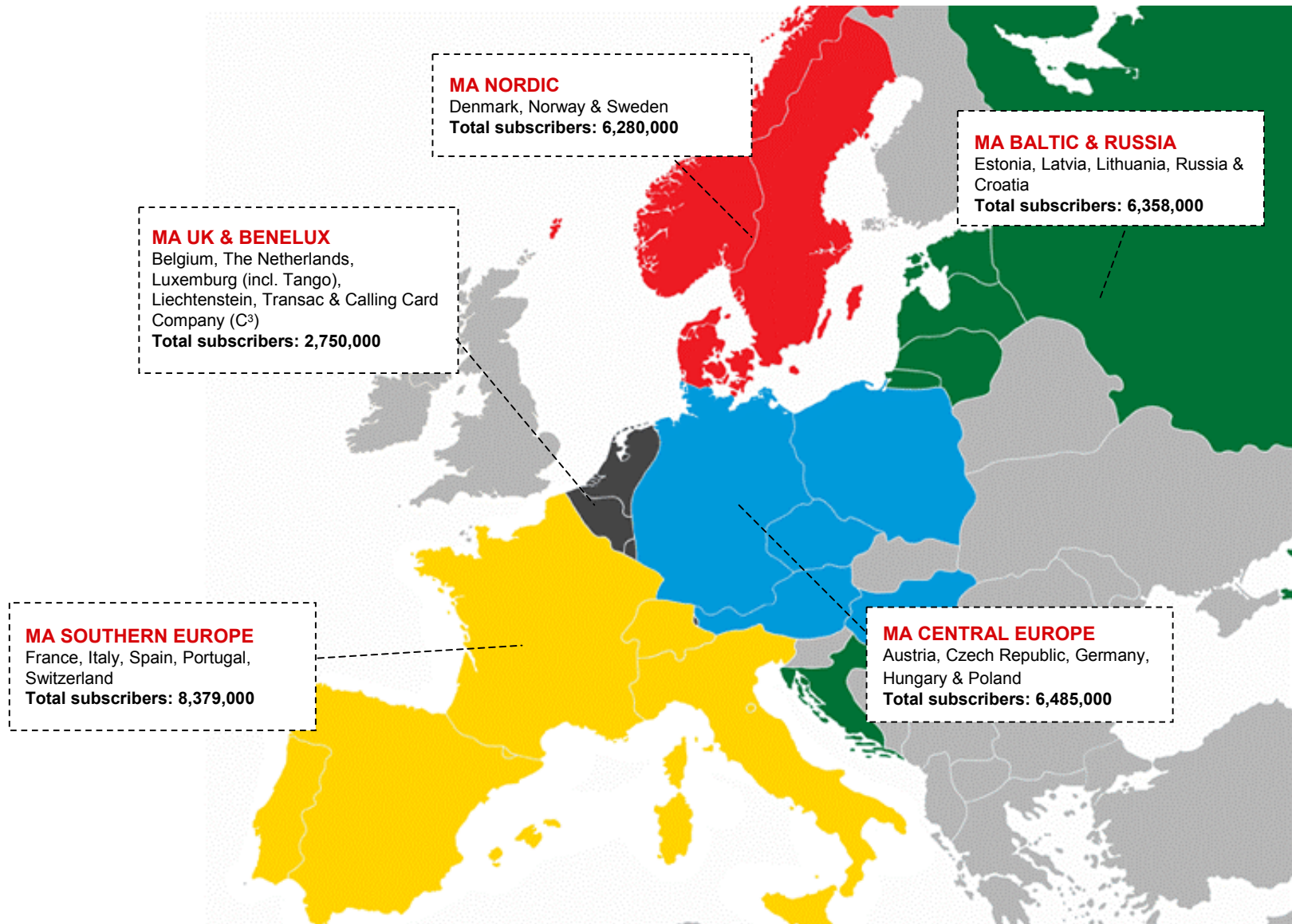
Broadband – Tele2 is making good progress

- Tele2's broadband footprint has expanded rapidly to 13 countries



- We have 1,161,000 broadband customers
- We added 102,000 broadband customers in Q4
- Italy taking close to 20% of all net ADSL adds
- France: delay in broadband push due to unforeseen technical complexity
- Broadband push will continue throughout 2006

30.3 million customers in 23 countries



Nordic

- Swedish mobile continued to develop strongly
- More than 520,000 customers have chosen fixed subscription offering in Sweden
- Strong mobile telephony intake in Norway and Denmark

MA NORDIC Denmark, Norway & Sweden

MSEK	Q4 2005	Q4 2004	
Operating revenue	3,873	3,332	+16%
EBITDA	926	907	+2%
Net intake ('000)	-3	81	

Baltic & Russia

- Record intake of over one million customers
- Tele2 is the fastest growing mobile operator in Russia
- Customer development in Russia has exceeded expectations

MA BALTIC & RUSSIA Estonia, Latvia, Lithuania, Russia & Croatia

MSEK	Q4 2005	Q4 2004	
Operating revenue	1,277	885	+44%
EBITDA	145	185	-22%
Net intake ('000)	1,052	516	

Central Europe

- Continued strong growth in Central Europe
- Germany was the main growth driver
- Poland: local calls market fully deregulated and EBITDA breakeven reached in December



MA CENTRAL EUROPE Austria, Czech Republic, Germany, Hungary & Poland

MSEK	Q4 2005	Q4 2004	
Operating revenue	2,245	1,404	+60%
EBITDA	166	83	+100%
Net intake ('000)	119	351	

Southern Europe

- Tele2 has gained 40% of French MVNO market
- Broadband build out in Italy and Portugal is going well.
- France broadband push delayed due to unforeseen technical issues
- Signs of the MVNO market in Spain opening up

MA SOUTHERN EUROPE France, Italy, Spain, Portugal & Switzerland

MSEK	Q4 2005	Q4 2004	
Operating revenue	3,834	3,832	0%
EBITDA	83	712	-88%
Net intake ('000)	65	305	

UK & Benelux

- 82.4% of Versatel capital acquired and integration process started
- Tele2 launched its first VoIP and broadband offer using Versatel's Belgium network
- UK and Ireland fixed line operations sold

MA UK & BENELUX Belgium, The Netherlands, Luxembourg, (incl. Tango), UK & Ireland (divested in Q4), Liechtenstein and C³

MSEK	Q4 2005	Q4 2004	
Operating revenue	2,531	1,630	+55%
EBITDA	271	-140	
Net intake ('000)	-77*	131	

* after acquisitions and disposals

Tele2 is well positioned to accelerate growth

- ADSL build out and marketing to accelerate
- Wholesale Line Rental scheduled to be made available in France in Q2
- MVNOs in Europe; Spain looking more likely
- Russia – Further mobile licenses
- Benefiting from integration of recently acquired businesses.
- We will continue to be proactive in seizing opportunities

Four things that really set us apart!



- 1 We act much faster than our competitors – but the client is always king.**
- 2 The Salami Principle – first we sell, then we go for own infrastructure when it makes sense. Always in focus: Lowest costs and lowest prices in the market.**
- 3 We copy with pride and steal with honour. Our presence in 24 countries secures superior methods and low costs.**
- 4 Strong ideas and financial muscles for future growth. Both organically, and through strategic acquisitions.**

Q4 2005 Financial Report

Hakan Zadler
CFO



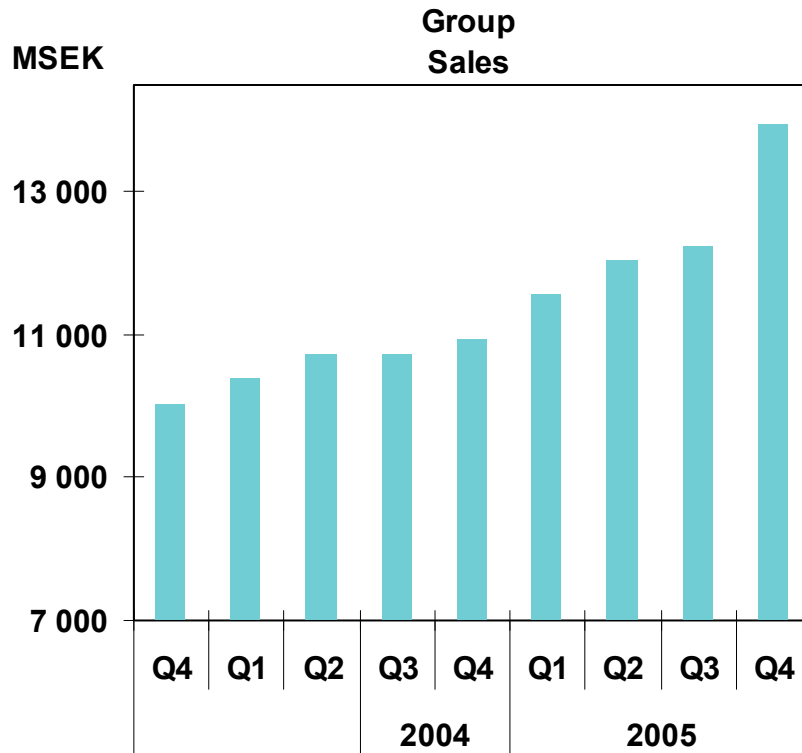
Financial overview for Q4 2005

Continuing growth!

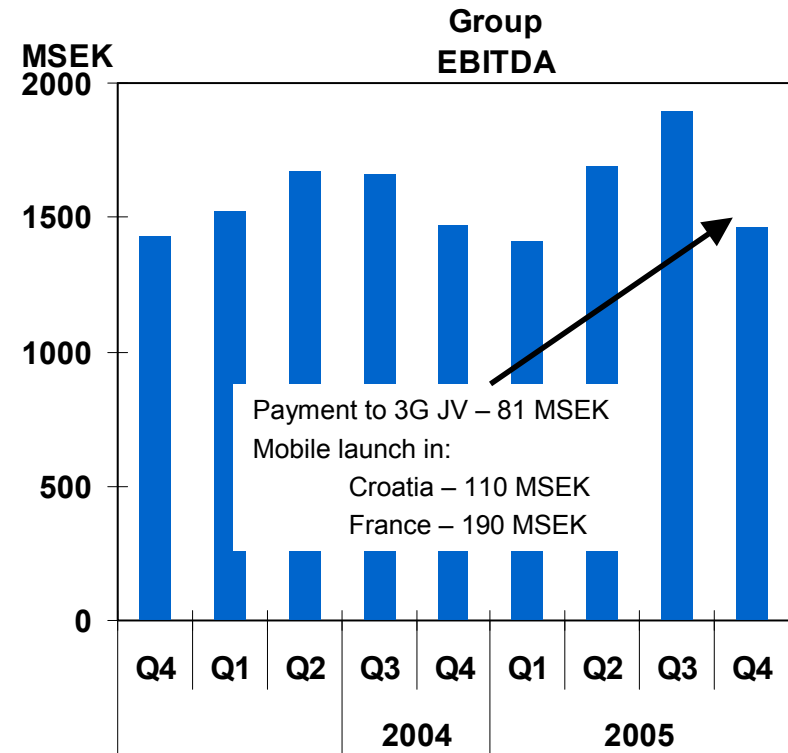
	Q4 2005	Difference to Q4 2004	
Revenues (MSEK)	13,940	+3,010*	+28%
EBITDA (MSEK)	1,465*	-7*	
CAPEX (MSEK)	1,441	+968	
Operational cash flow	953	-203	
Cash flow after CAPEX	-488	-1,171	
Customer Net Additions (thousands)	1,156	-228	

*Excl. non-recurring

Tele2 Group sales +28%



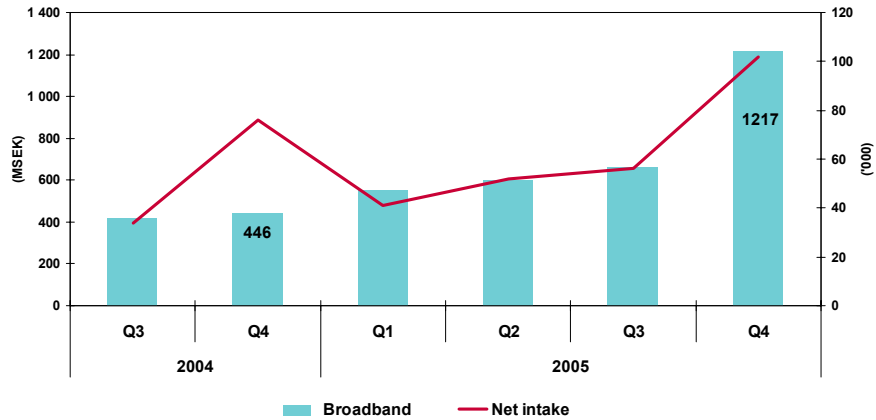
■ SALES



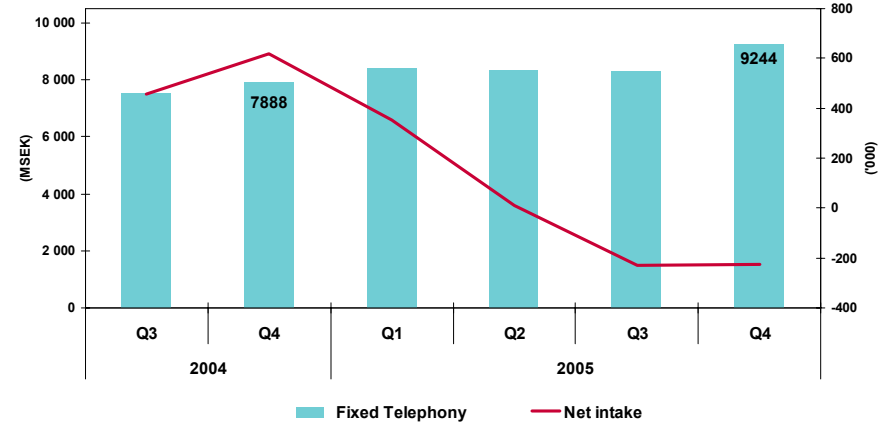
■ EBITDA

Fixed Telephony sales +17% & Broadband sales +173%

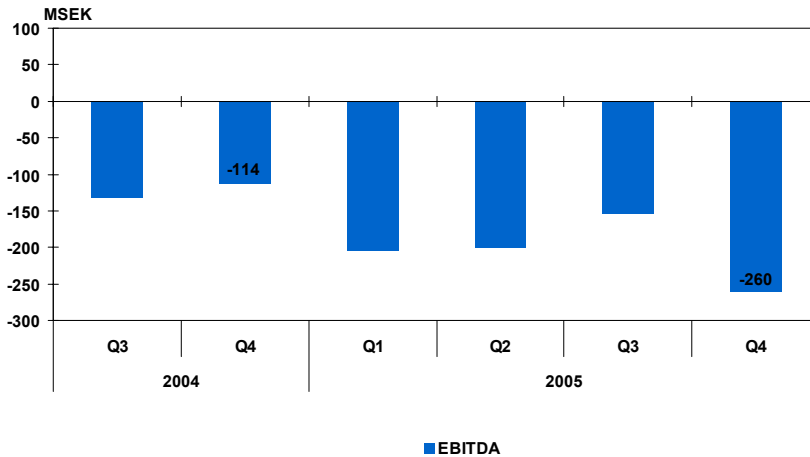
BROADBAND SALES AND NET INTAKE



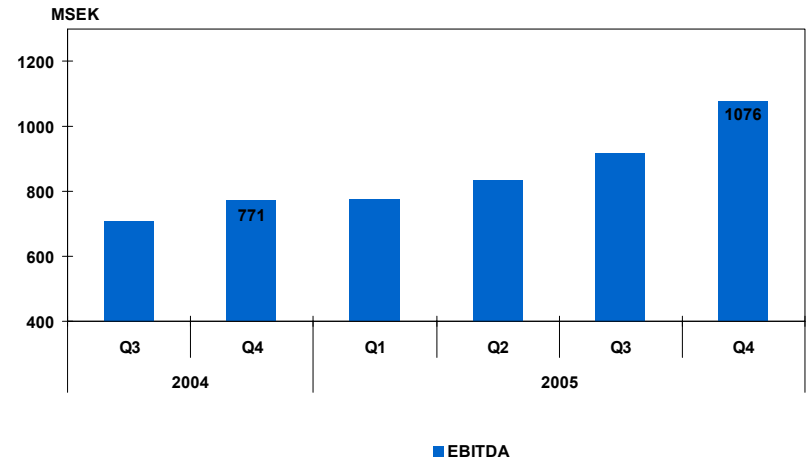
FIXED TELEPHONY SALES AND NET INTAKE



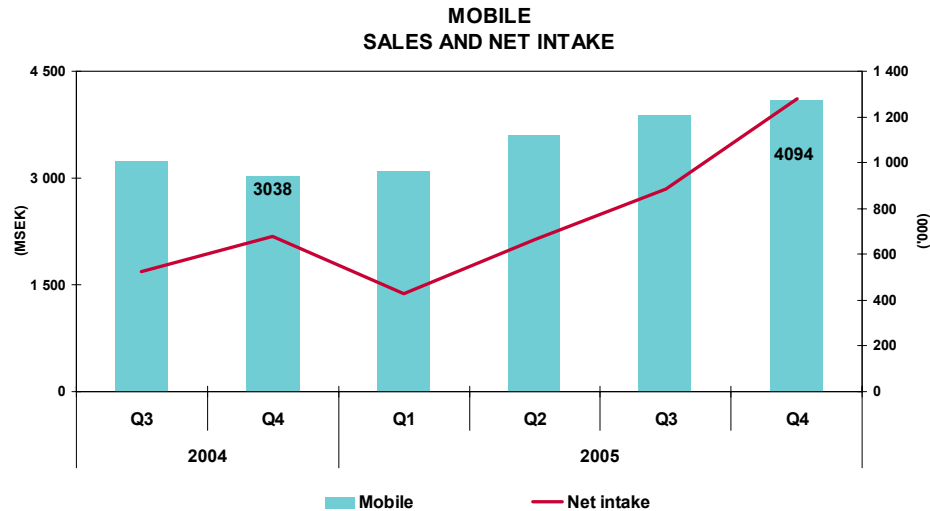
BROADBAND EBITDA



FIXED TELEPHONY EBITDA

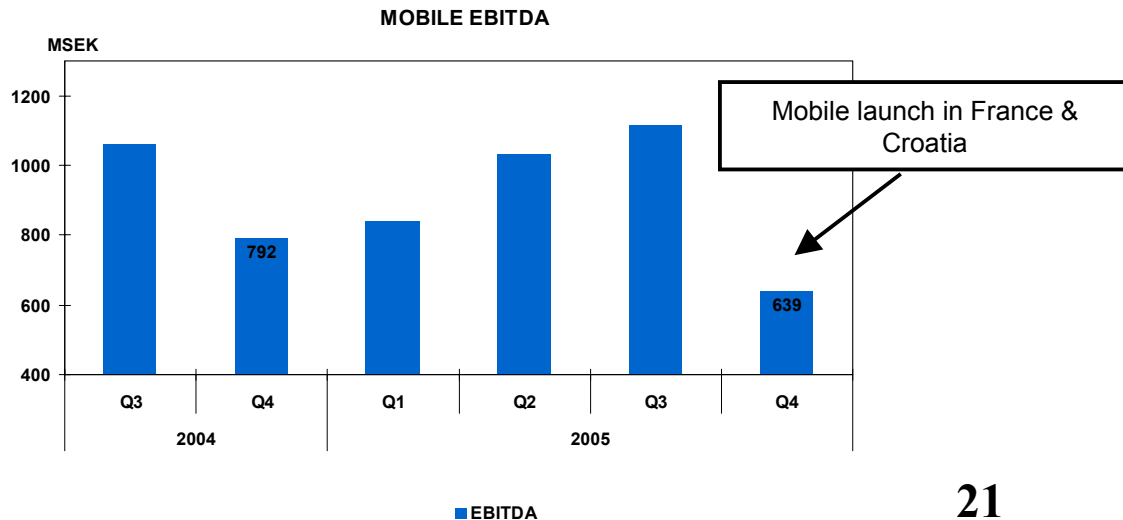


Mobile sales +35%



EBITDA impact from:

- Payment to 3G JV – 81 MSEK
- Mobile launch in:
 - Croatia – 110 MSEK
 - France – 190 MSEK

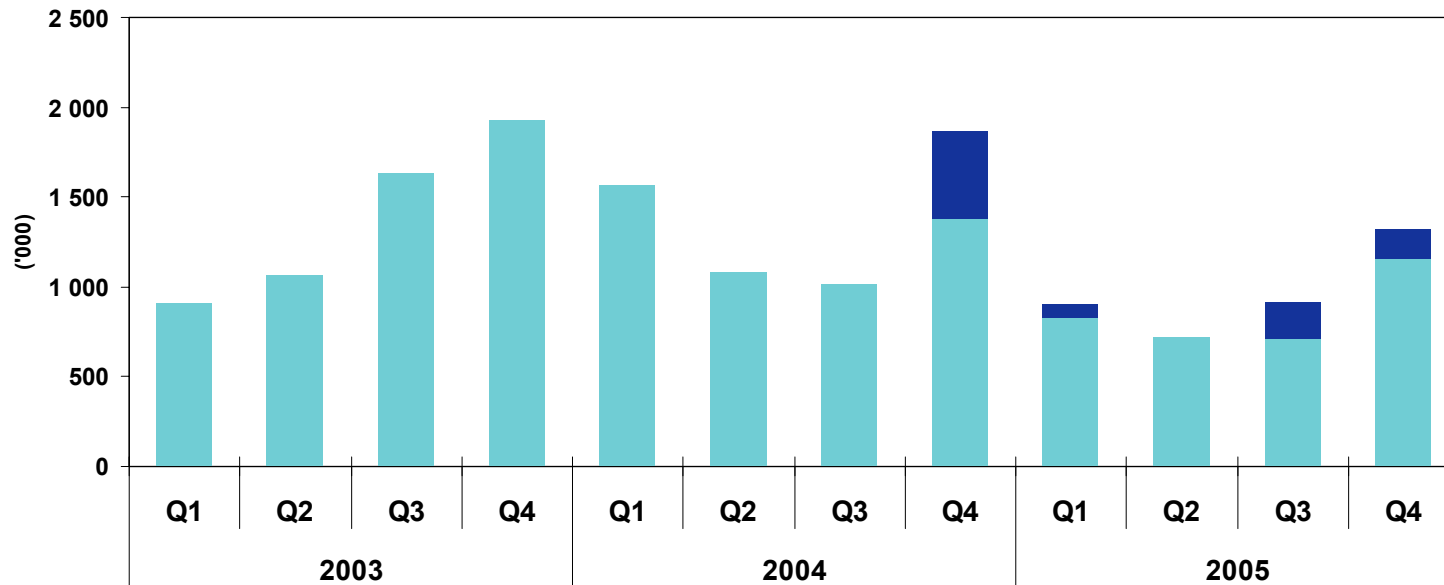


Adjusted for non-recurring

Customer intake

- Net customer intake of 1,156,000 vs. 1,384,000 in Q4 2004 (excl. acquisitions)
- Another quarterly record intake in Baltic & Russia with 1,052,000 new customers

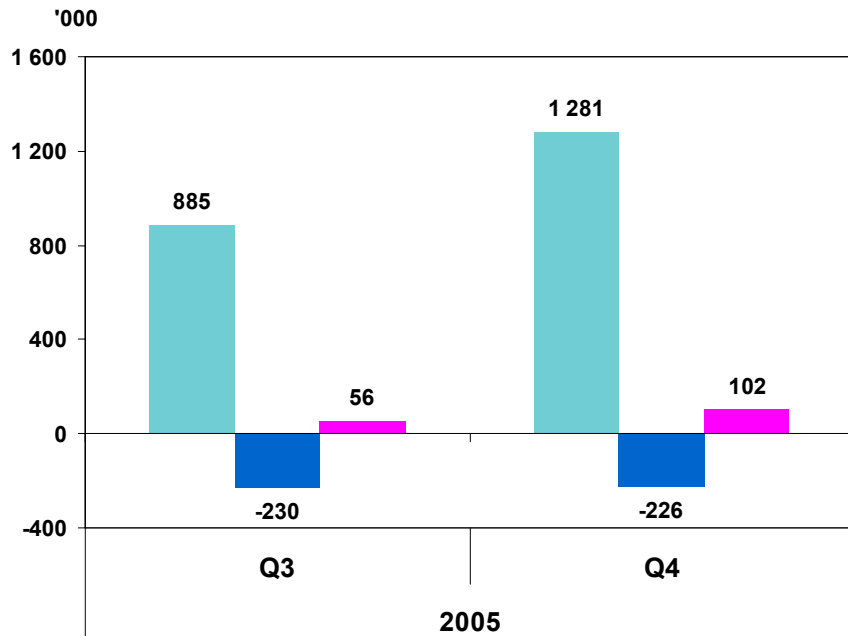
Net Additions



■ Group ■ UTA/Tiscali/Econophone/Comunitel/Versatel/Tele2 UK

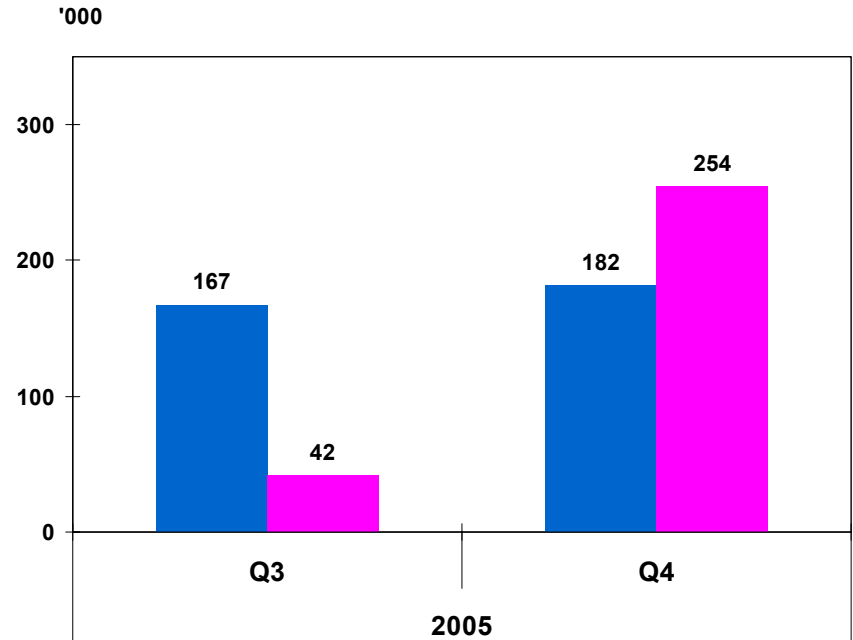
Customer net intake – organic and acquired

Net Intake - organic



■ Mobile ■ Fixed Telephony ■ Broadband

Net Intake - acquired



■ Fixed Telephony ■ Broadband

ARPU

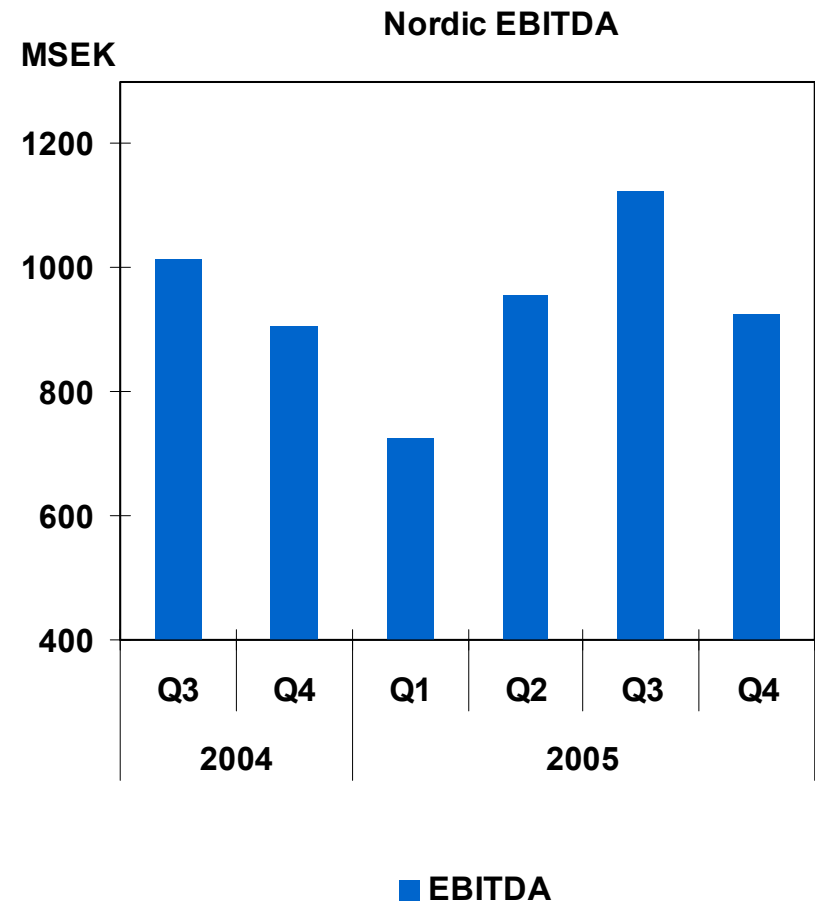
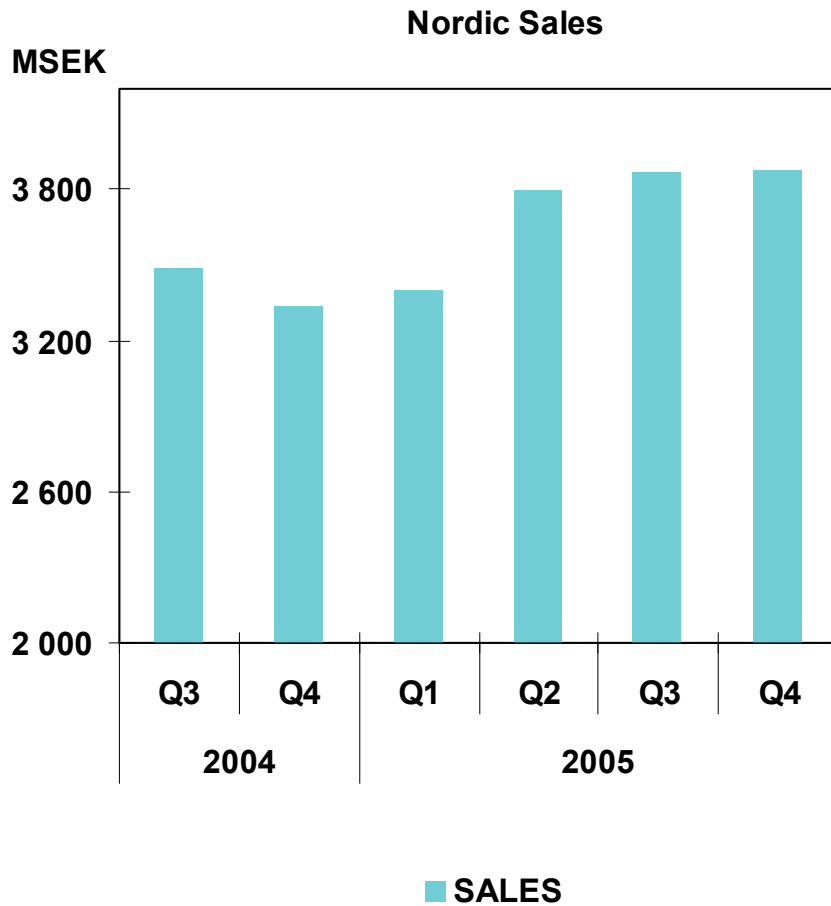
<u>Q4 2005</u>	<u>Q3 2005</u>	<u>Q4 2004</u>	(SEK)
157 (150)	145 (138)	148 (141)	

New principle, excluding dial-up customers (former principle, including dial-up customers)

- Dilution from high growth in low ARPU regions
- Offset by changed customer mix in mature regions

i.e. less dial-up and more Broadband and Wholesale line rental

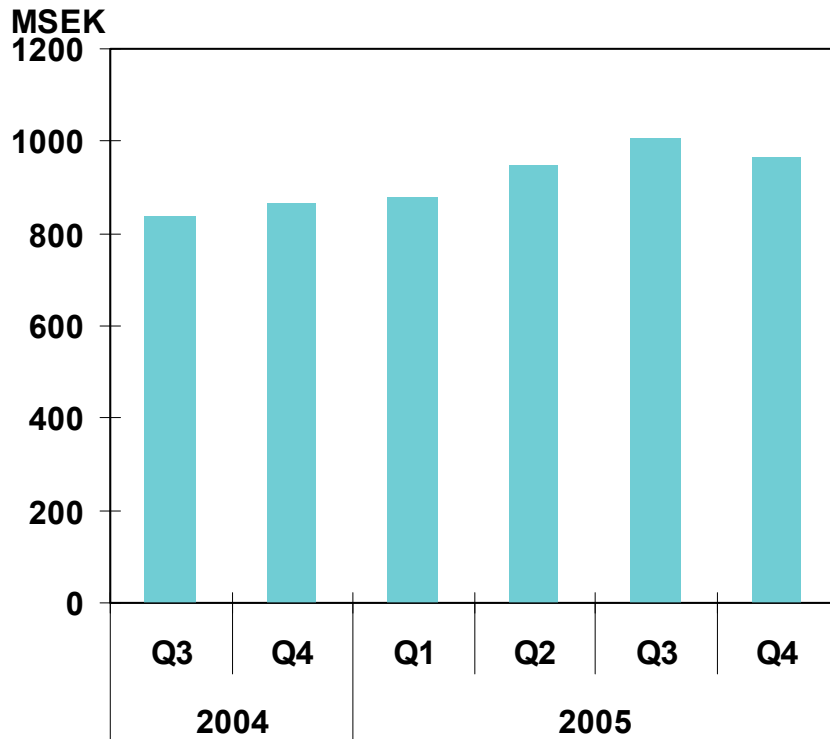
Nordic sales +16%



Adjusted for non-recurring

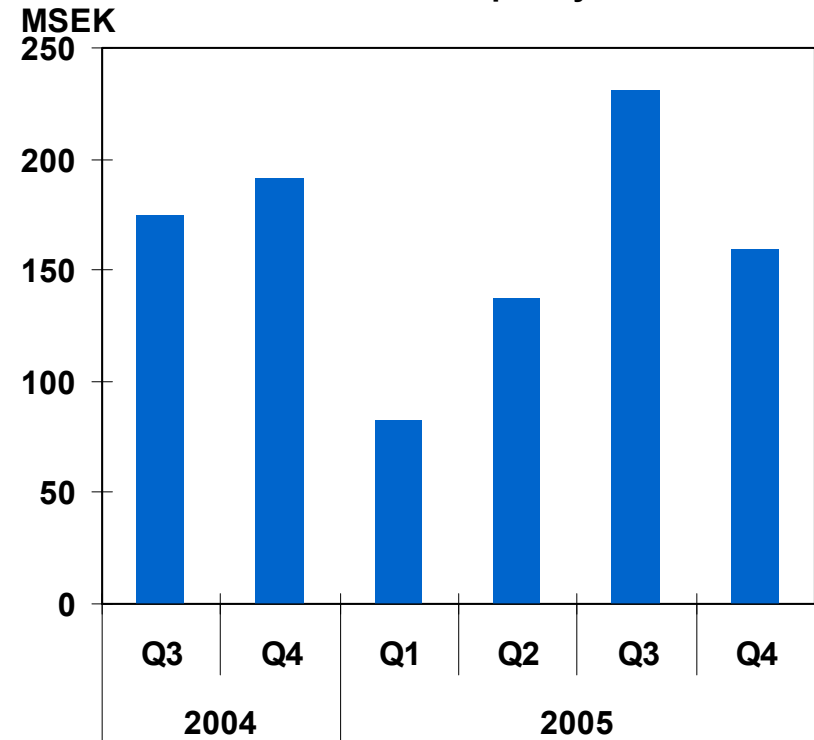
Sweden Fixed Telephony sales +12%

Sweden Fixed Telephony Sales



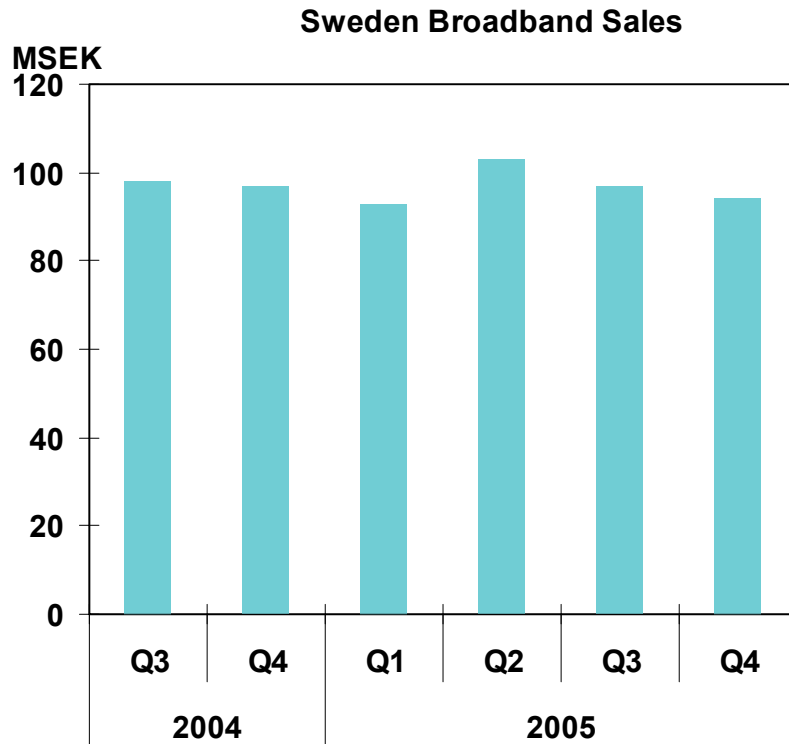
■ SALES

Sweden Fixed Telephony EBITDA

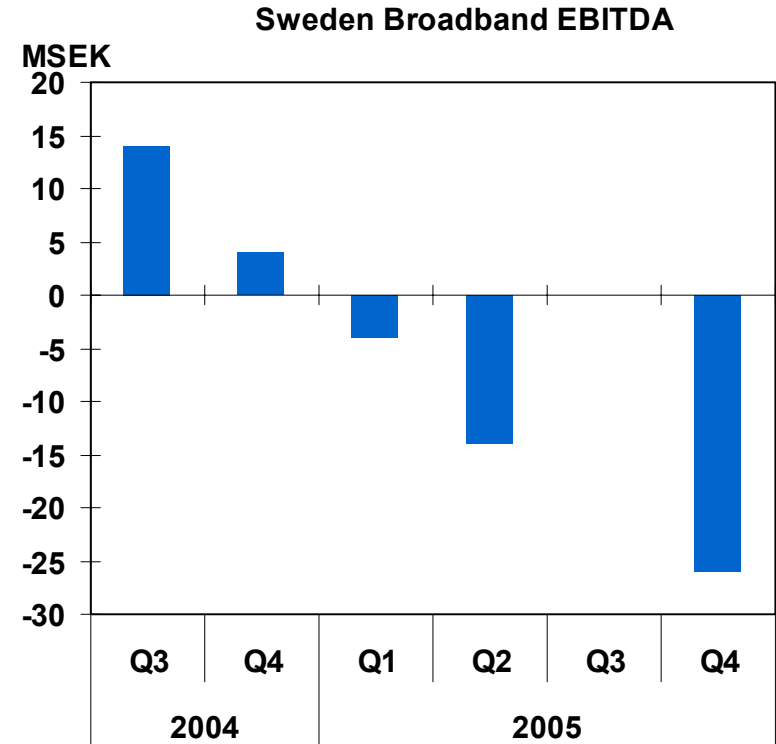


■ EBITDA

Sweden Broadband sales -3%

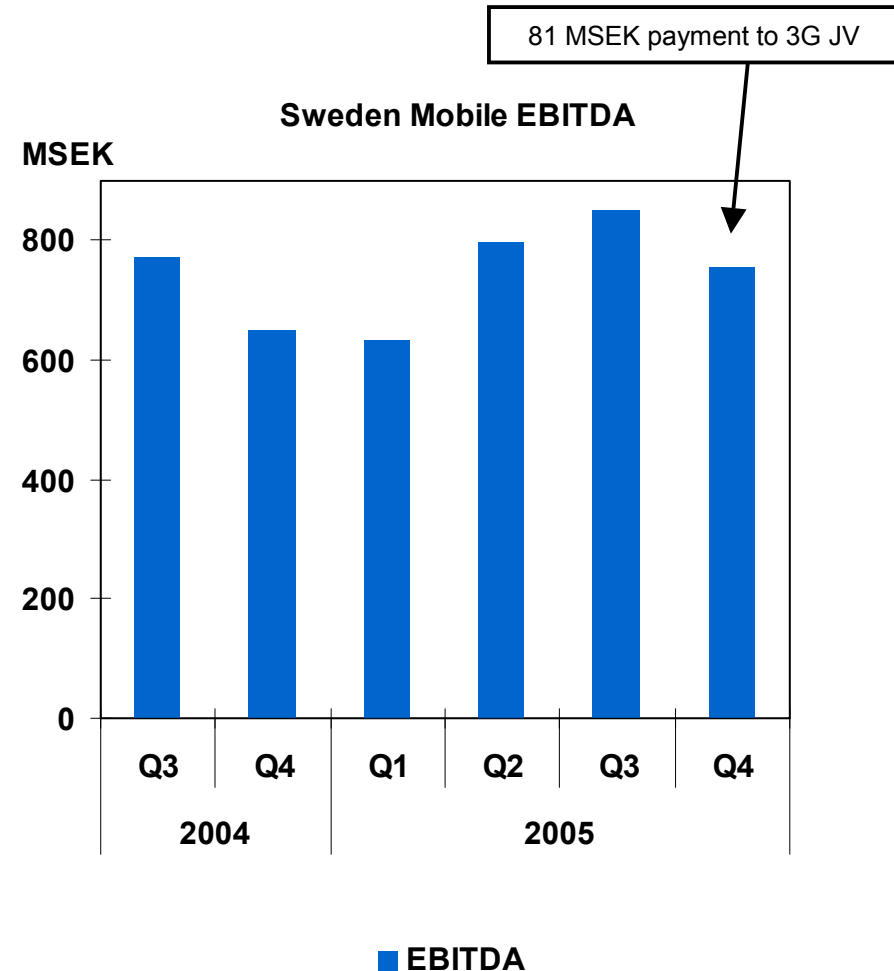
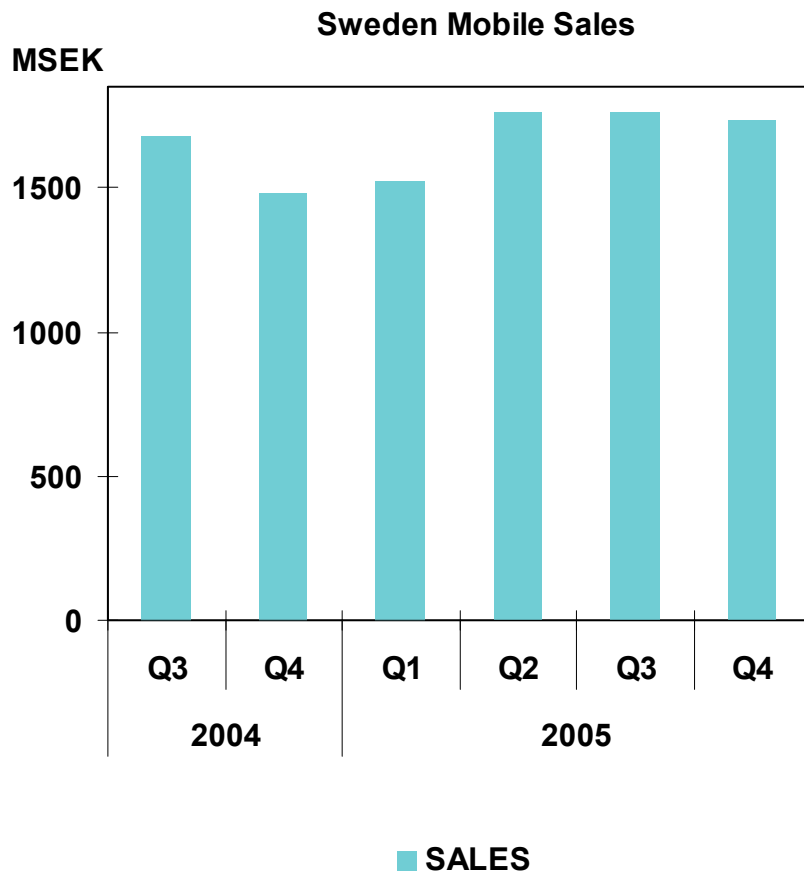


■ SALES

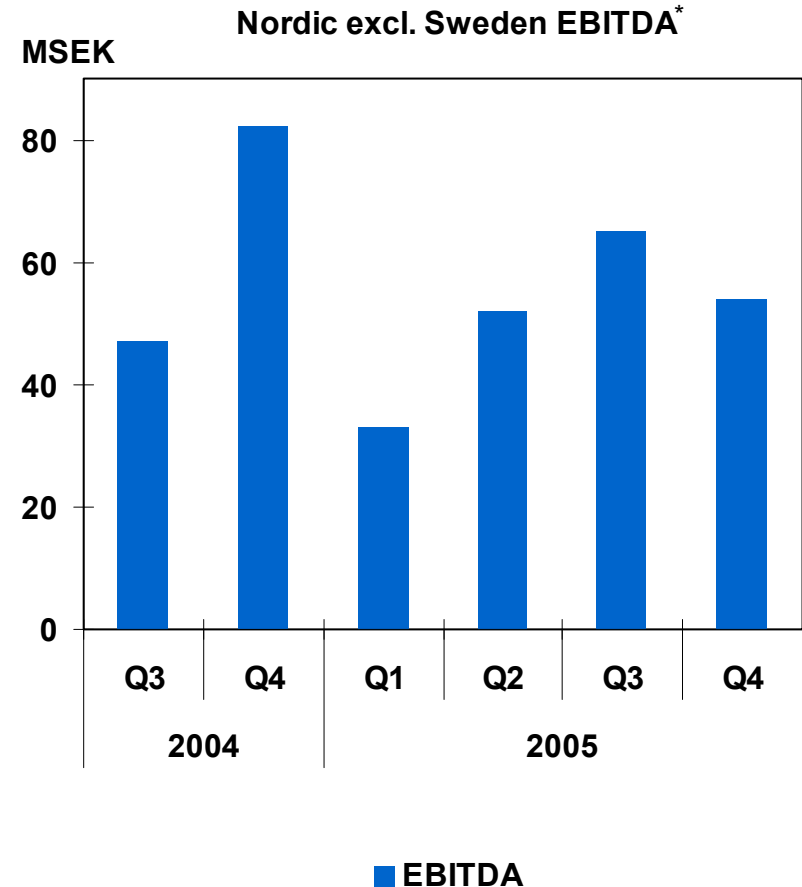
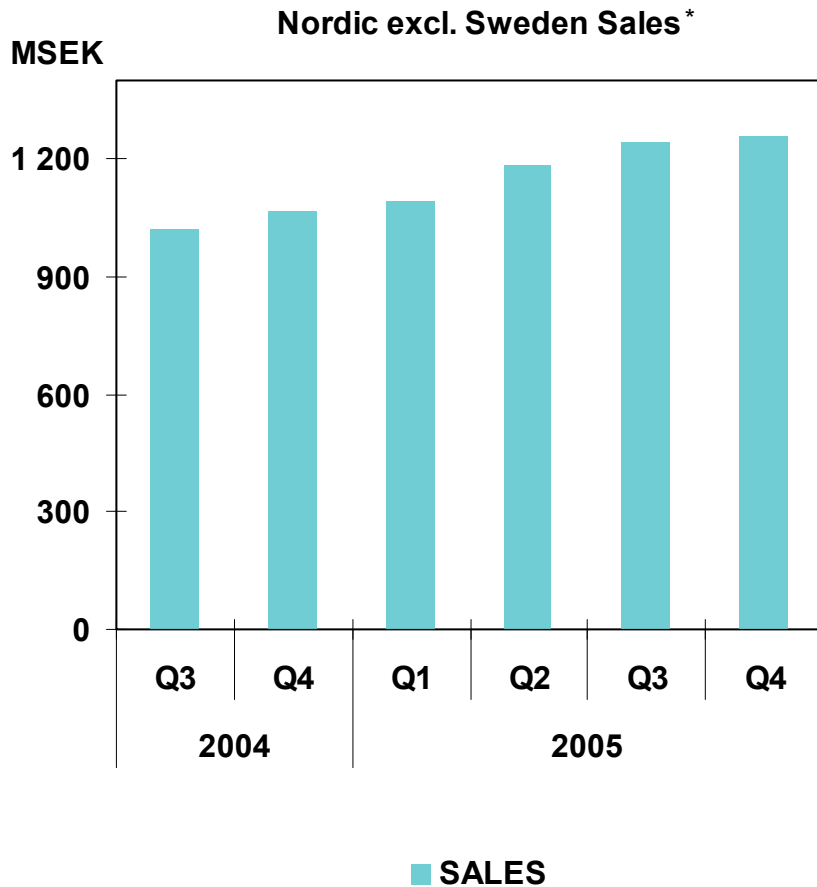


■ EBITDA

Sweden Mobile sales +17%

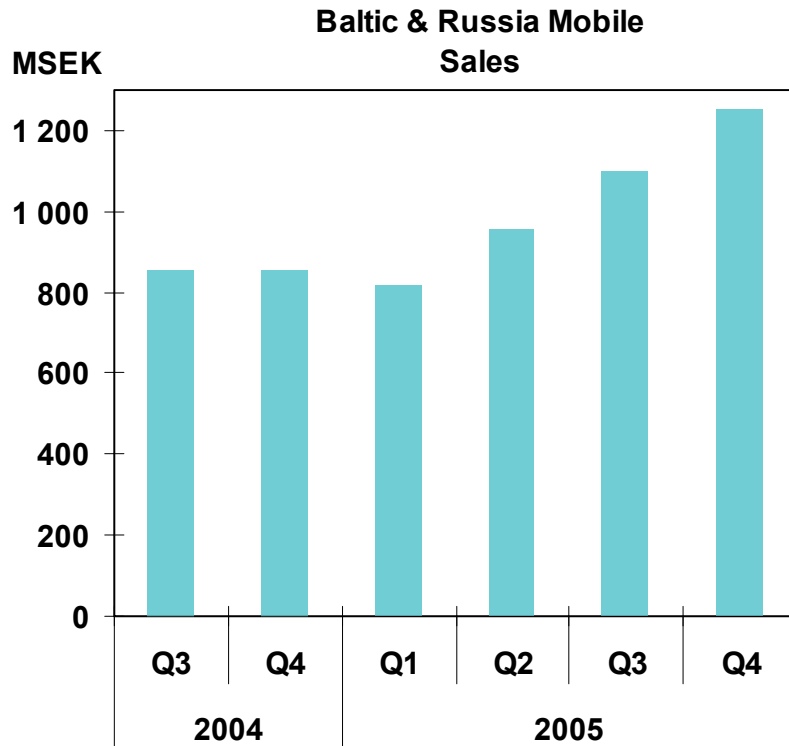


Nordic excl. Sweden sales +18%

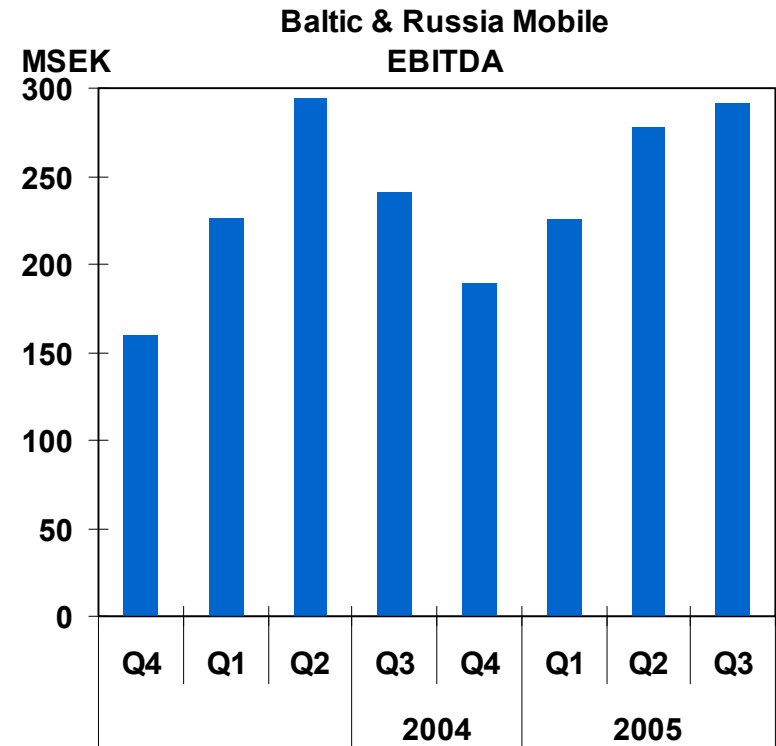


* Adjusted for Tele2/Telenor MVNO accounting

Baltic & Russia Mobile sales +47%



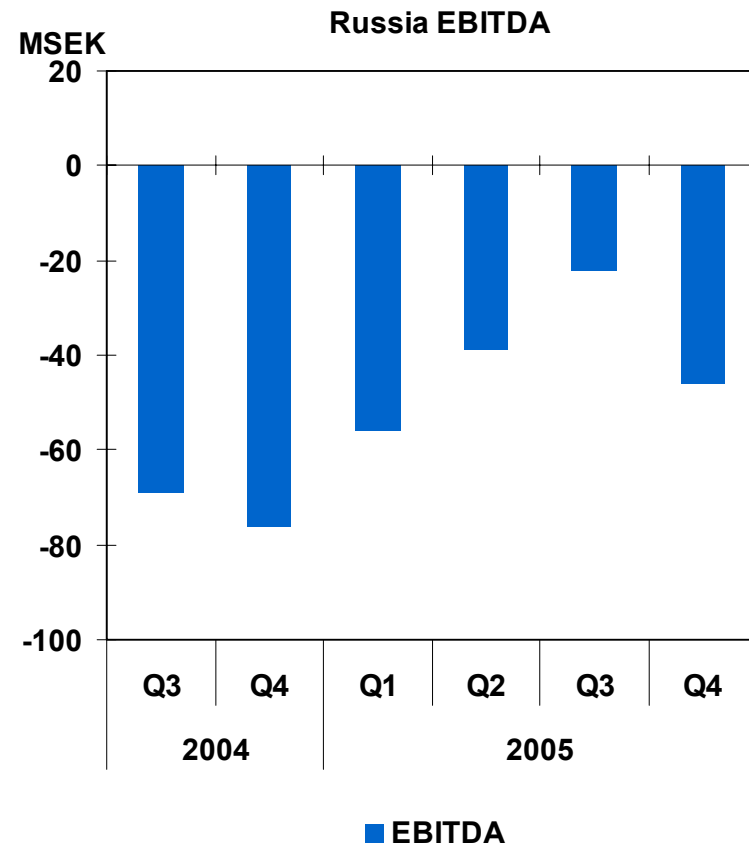
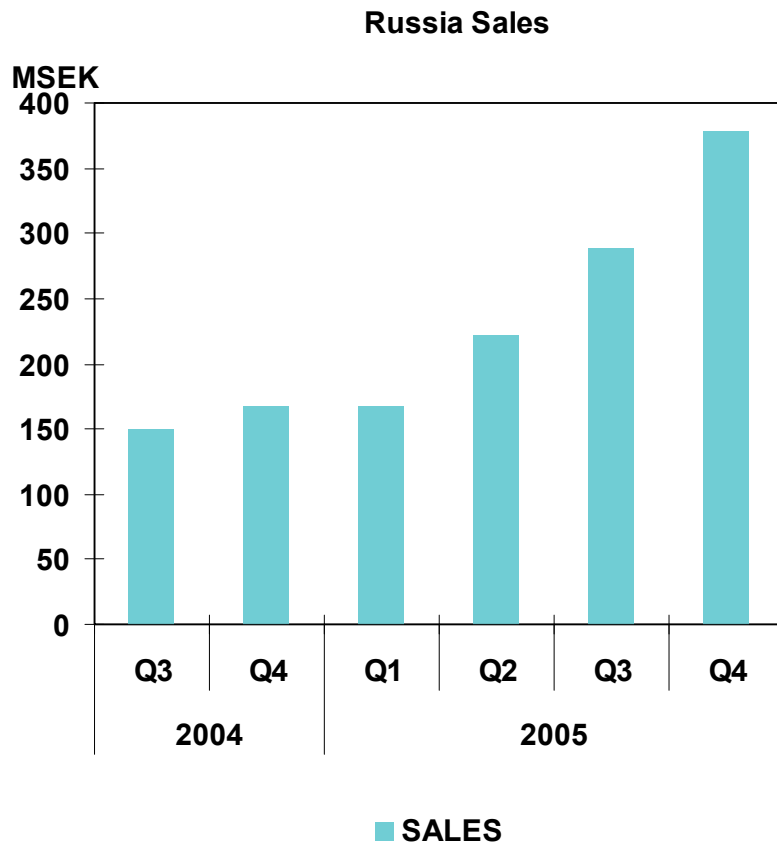
■ SALES



■ EBITDA

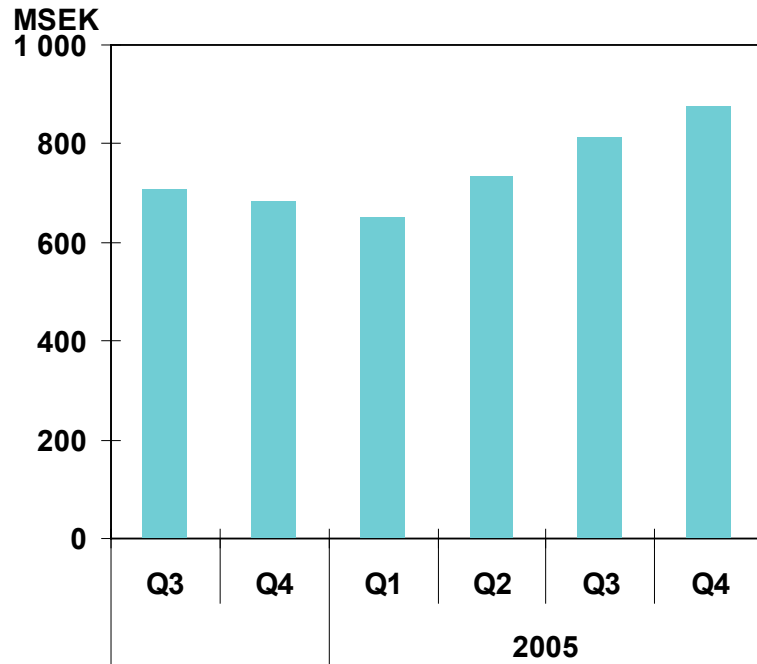
Russia sales +126%

- Net intake of 762,000 customers to a total of 3,274,000 customers
- ARPU of 44 SEK in Q4 2005 compared to 48 SEK in Q4 2004



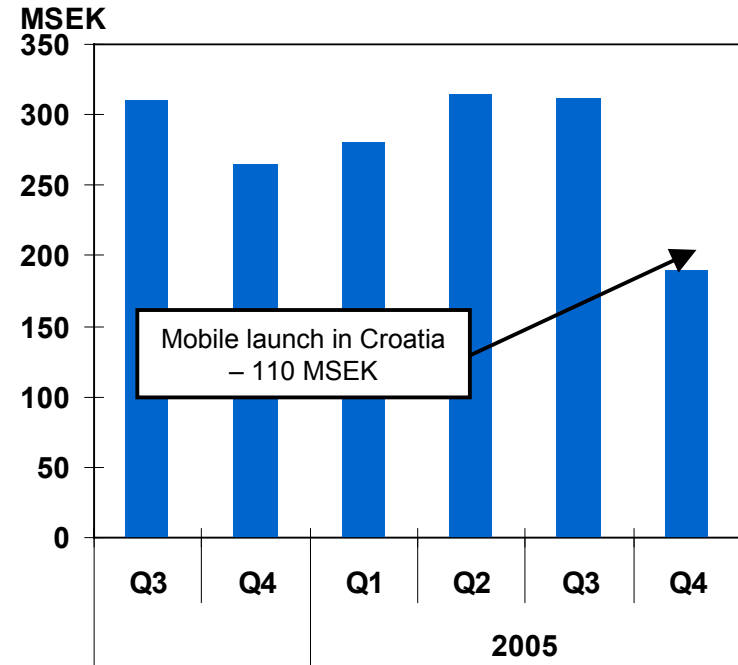
Baltic & Croatia Mobile sales +27%

Baltic & Croatia Mobile Sales



■ SALES

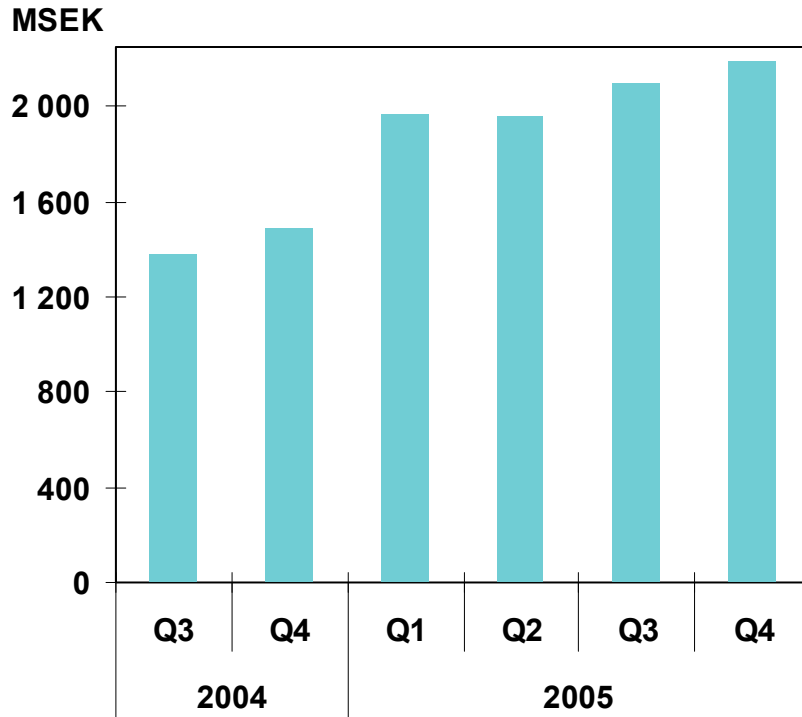
Baltic & Croatia Mobile EBITDA



■ EBITDA

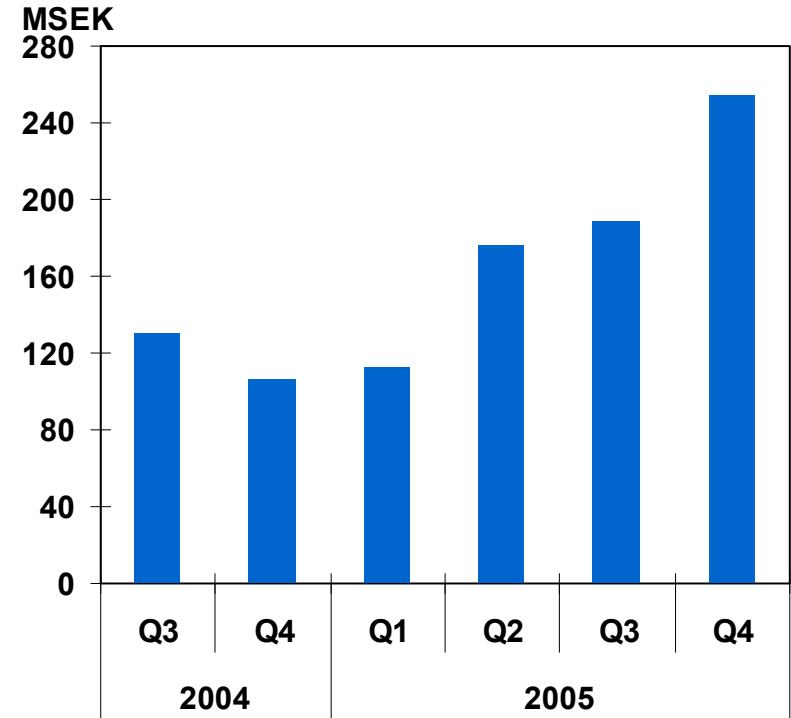
Central Europe Fixed Telephony sales +47%

Central Europe Fixed Telephony Sales



■ SALES

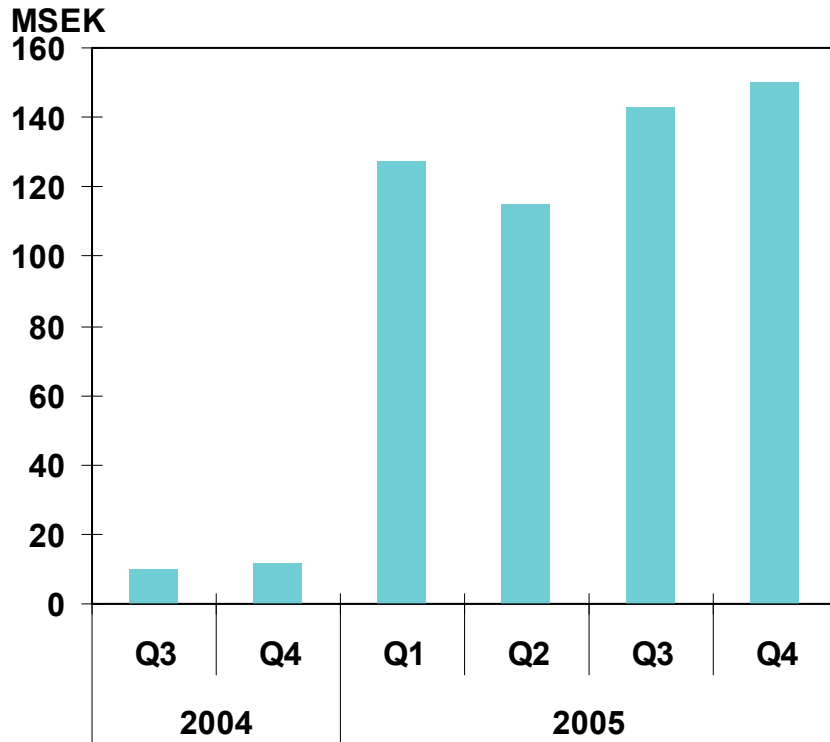
Central Europe Fixed Telephony EBITDA



■ EBITDA

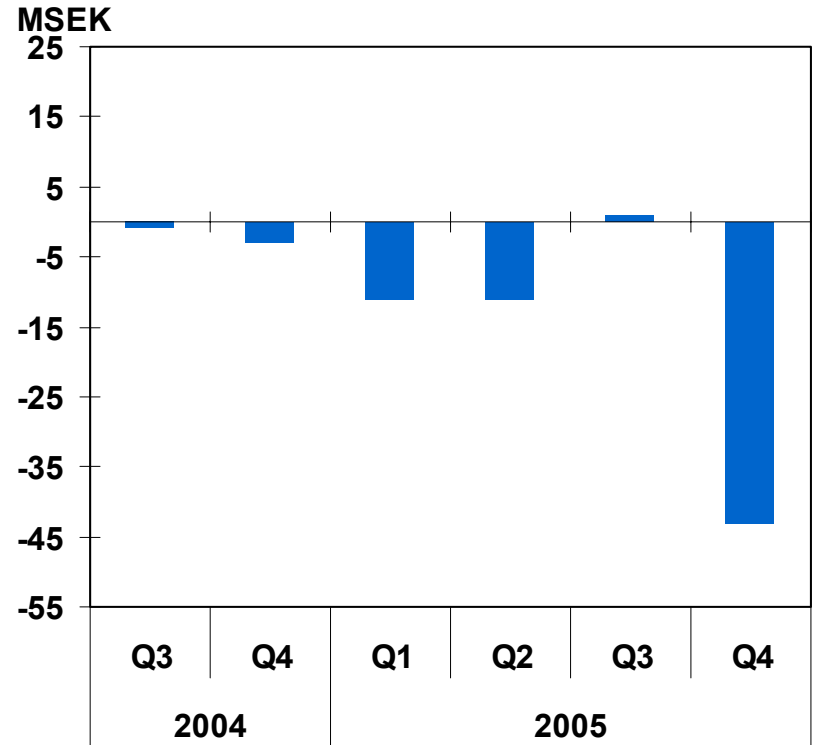
Central Europe Broadband

Central Europe Broadband Sales



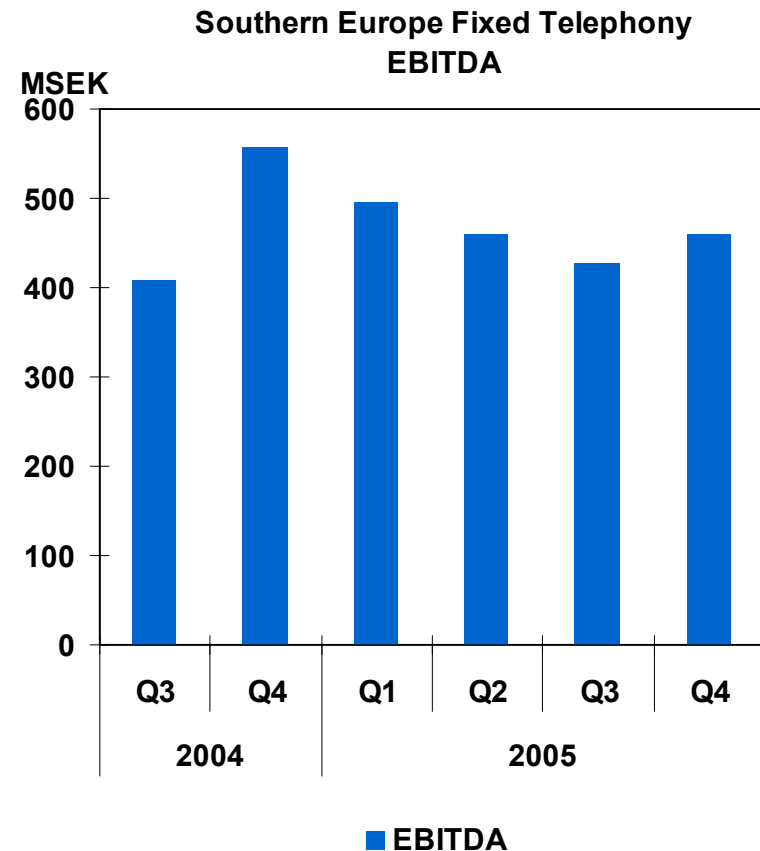
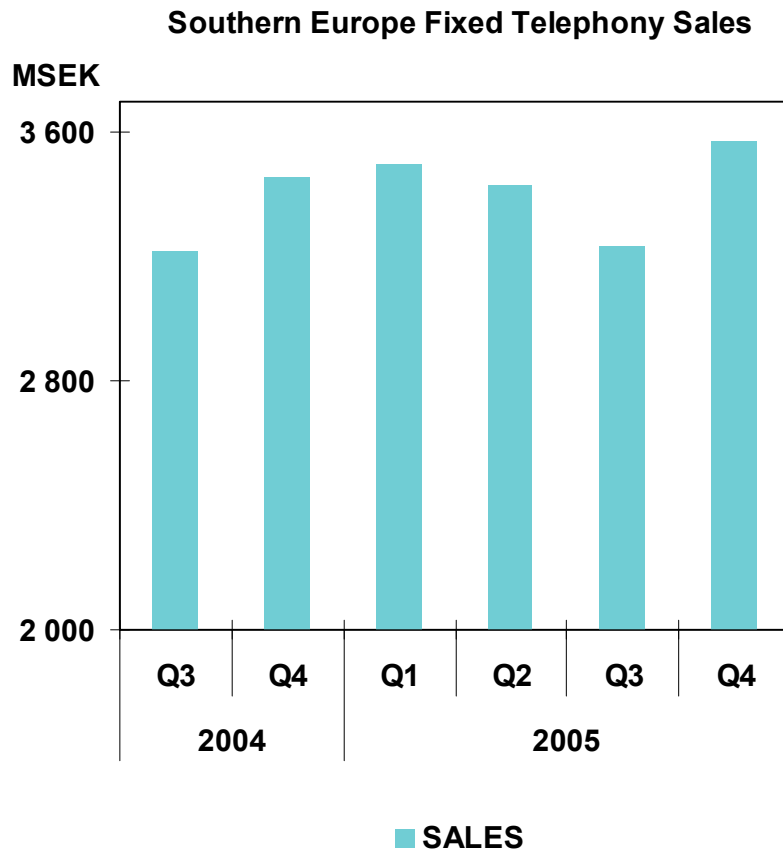
■ SALES

Central Europe Broadband EBITDA



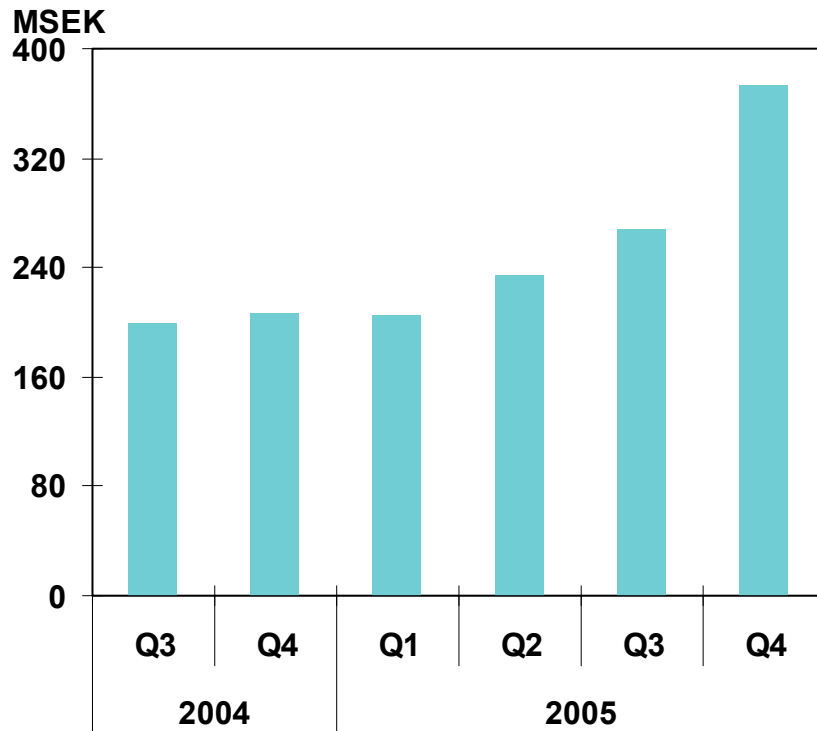
■ EBITDA

Southern Europe Fixed Telephony sales +3%



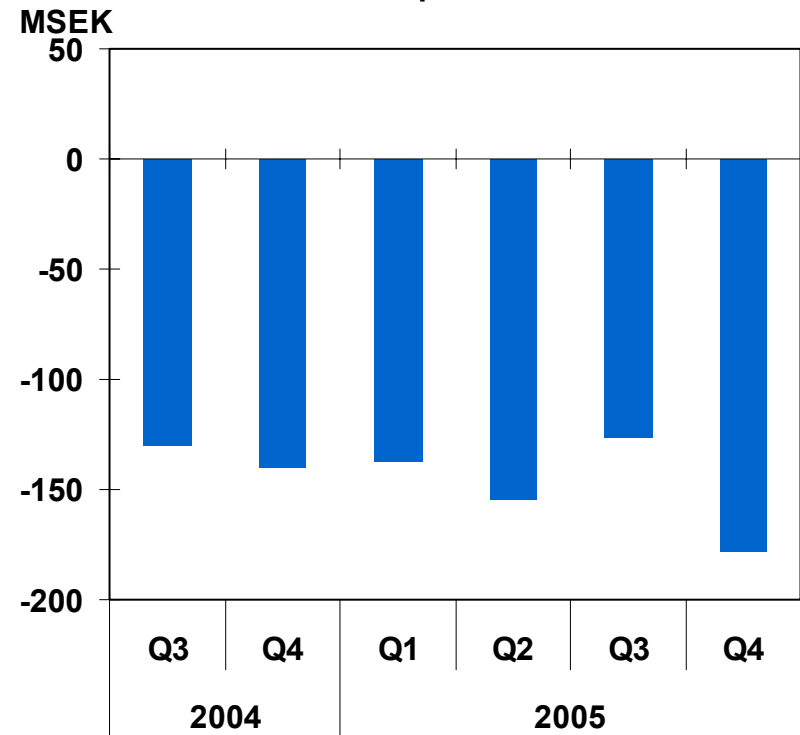
Southern Europe Broadband sales +81%

Southern Europe Broadband Sales



■ SALES

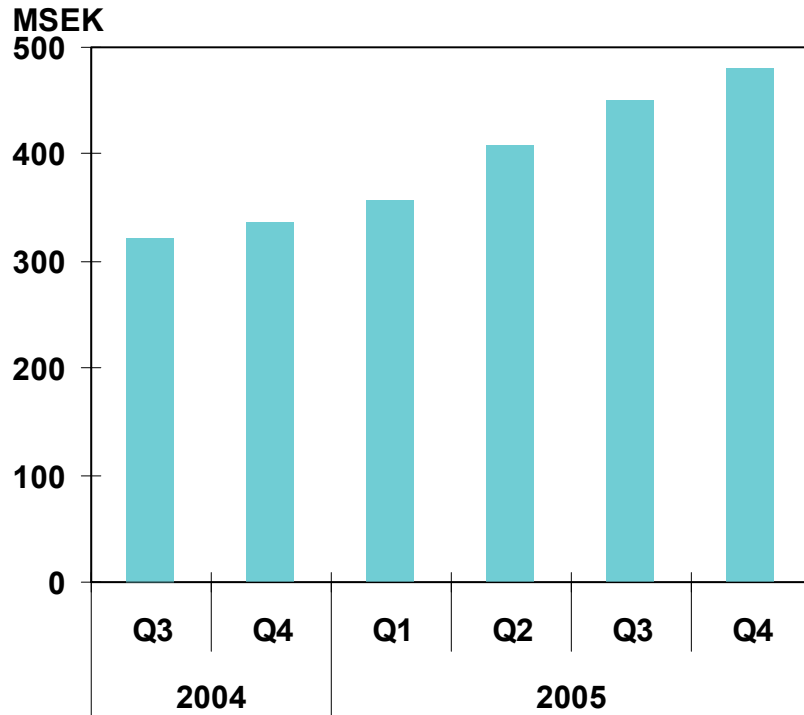
Southern Europe Broadband EBITDA



■ EBITDA

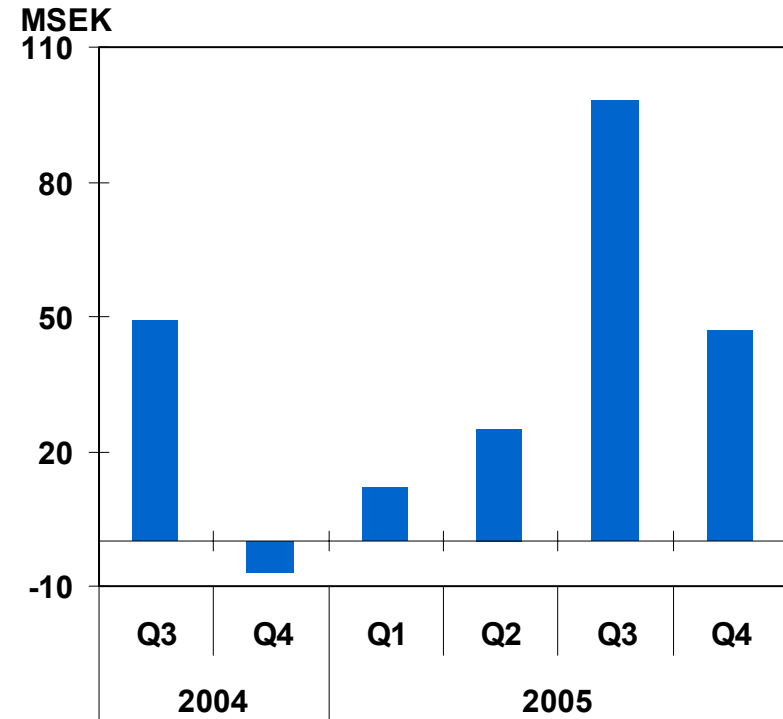
UK & Benelux Mobile sales +43%

UK & Benelux Mobile Sales



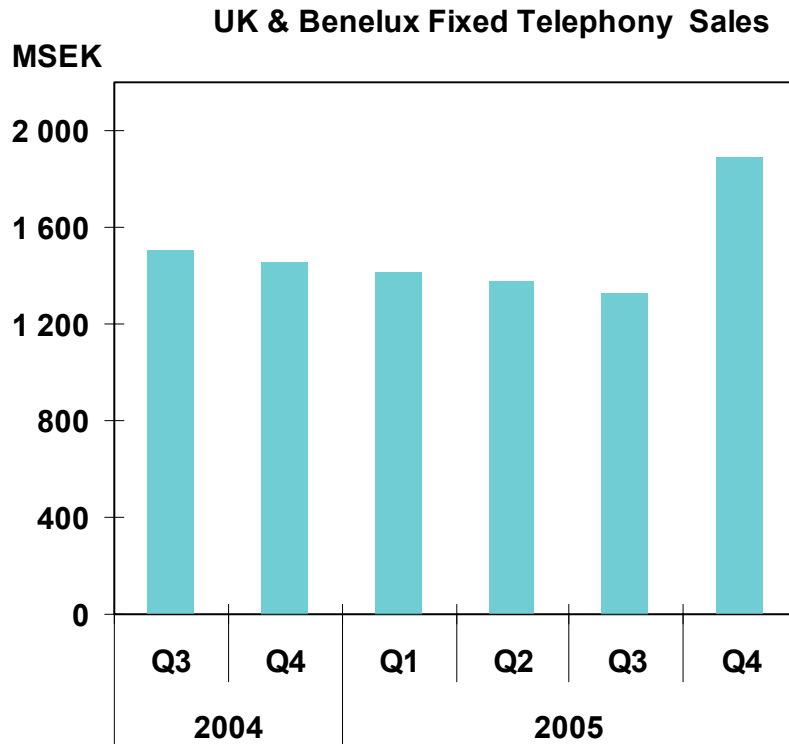
■ SALES

UK & Benelux Mobile EBITDA

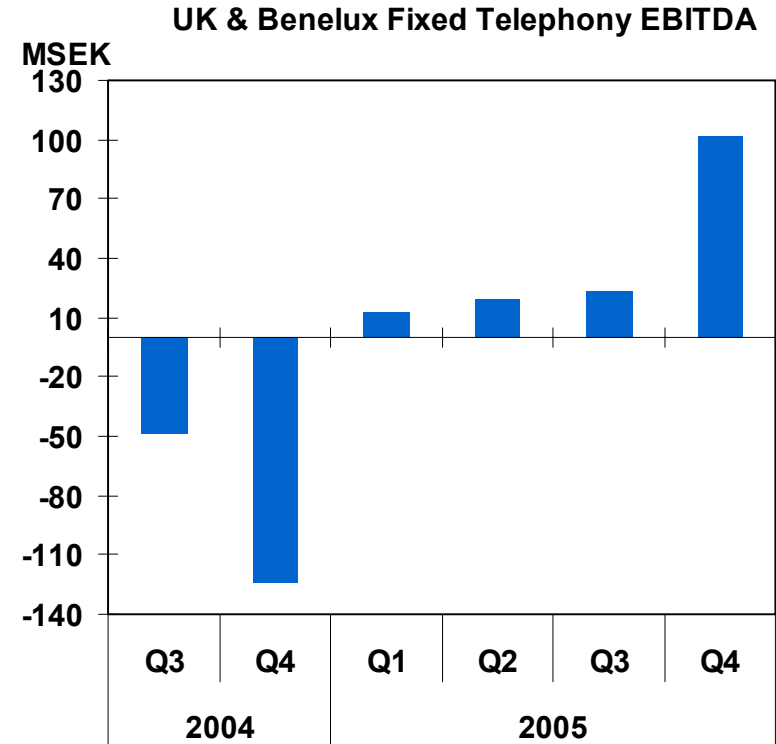


■ EBITDA

UK & Benelux Fixed Telephony sales +30%



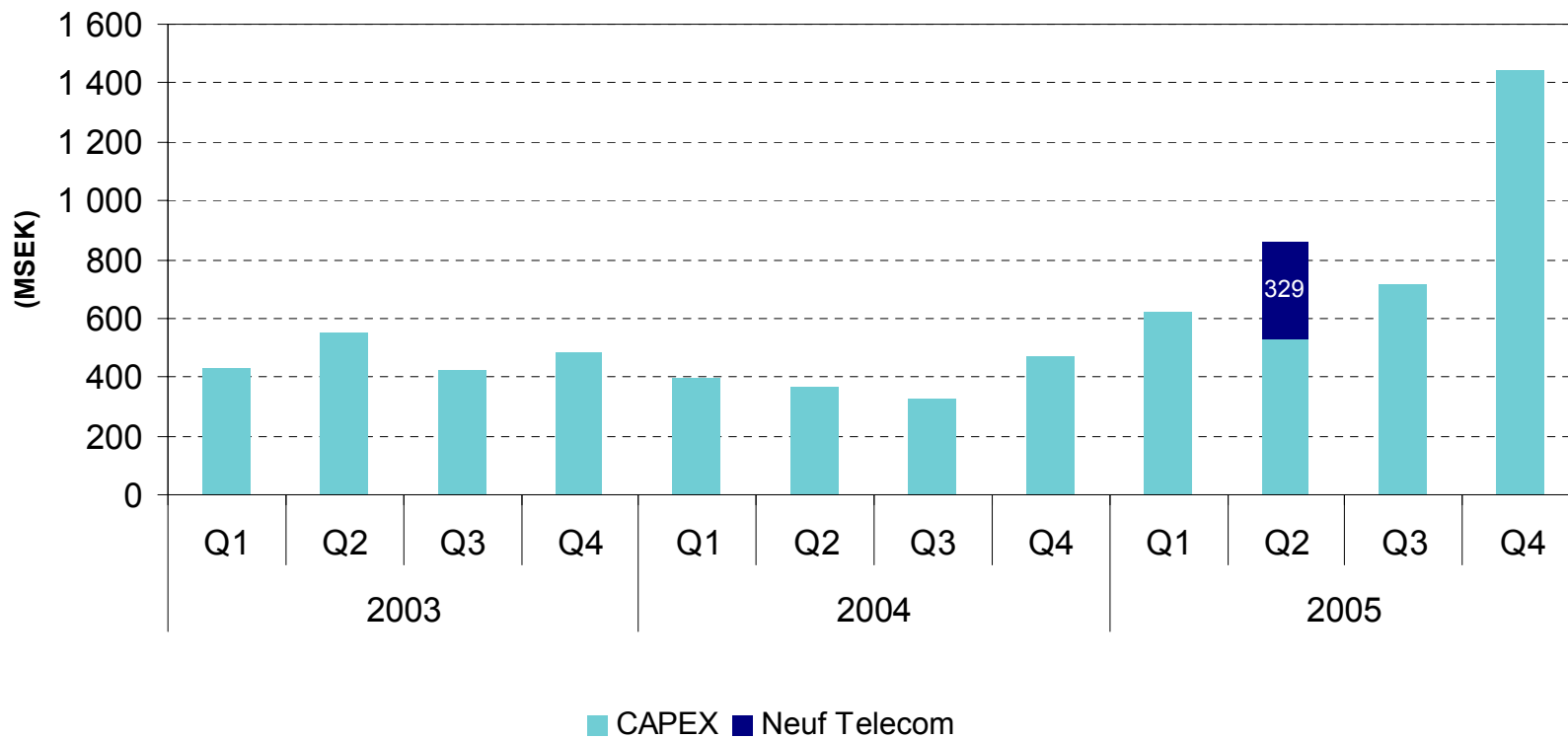
■ SALES



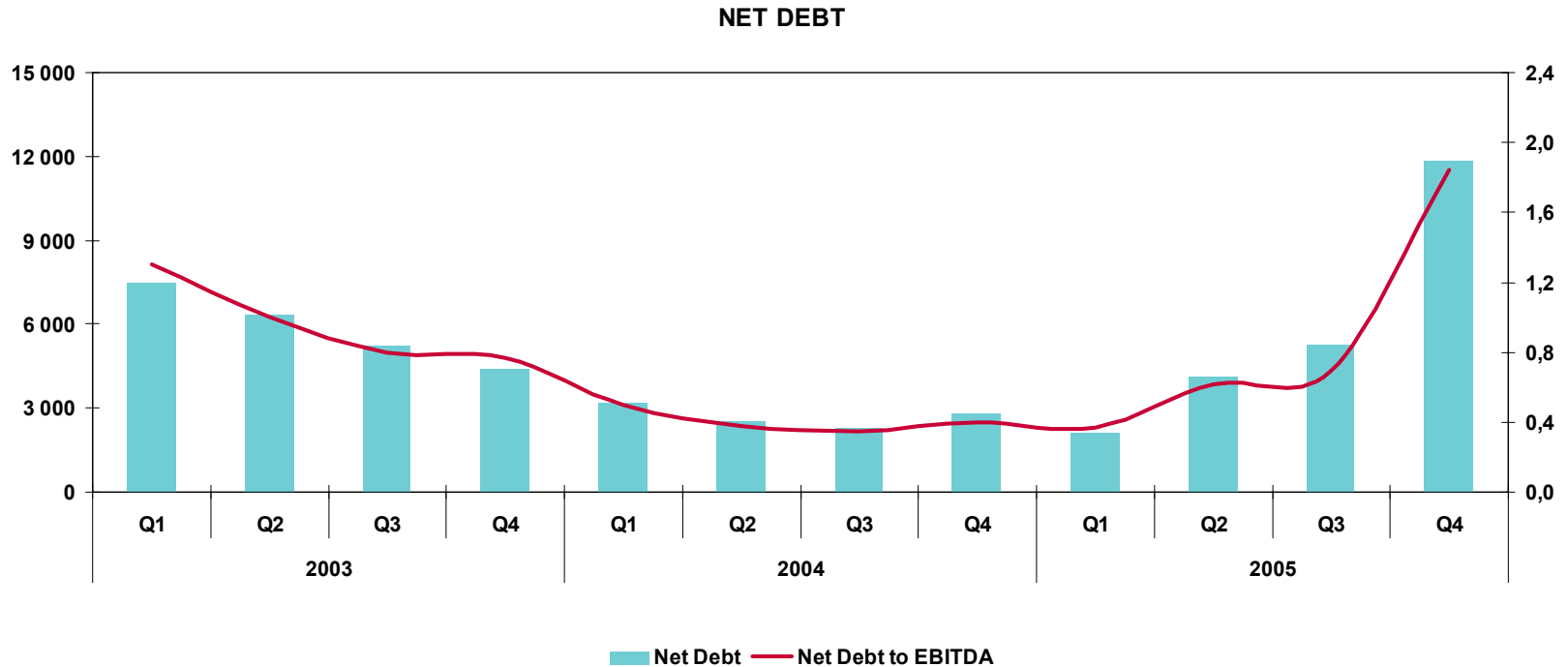
■ EBITDA

CAPEX

CAPEX Group



Net Debt



- Available gross funding at year-end: approx. 20 BSEK

Financial comments on the coming quarters

- Planning for significantly higher organic growth during 2006 through continued investments in:
 - Broadband
 - Mobile telephony
- Growth rate is strongly correlated with:
 - Marketing investments
 - Infrastructure investments to meet customer demand
- Maintaining the level of marketing and CAPEX in Q4 2005, we expect to grow revenues in 2006, in excess of those of 2005 and to generate significantly higher earnings in 2007

Financial comments on the coming quarters

- Synergy targets from Comunitel and Versatel still valid:
 - Approx. 65 MEUR per year after a two year integration period
- In Q4 2005 integration costs amounted to approx. 40 MSEK and in 2006 the synergies are expected to exceed integration costs
- Payments to 3G JV in Sweden expected to amount to approx. 80-90 MSEK per quarter in 2006
- In Q1 2006 we:
 - Expect higher marketing investments in Southern Europe
 - Seasonally weaker intake in Baltic & Russia
 - Expect weaker intake in Central Europe

Don't forget

VISIT WWW.TELE2.COM



- Conference call today at 15.30 CET
WEBCAST AT WWW.TELE2.COM
- Q1 2006: April 27 2006

CONTACTS

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