



Lars-Johan Jarnheimer
President and CEO
Q2 2004 Financial Report

We remain a growth company



<i>(MSEK)</i>	Q2 2004	Q2 2003	% Change
Operating Revenue	10,711	9,225	+16
EBITDA	1,689	1,537	+10
EBIT	807	693	+16
Operating cash flow	1,505	1,498	+0.5
Cash flow after investments	1,167	965	+21

⇒ Balance maintained

- Continued growth in customers and revenue
- Improving profitability
- Healthy cash flow

Incumbents – what are they up to?



- ⇒ Incumbents (like the Empire) always strike back
- ⇒ Tele2 is used to and expects this
- ⇒ There is less competition for the incumbent than in the past
- ⇒ Incumbent raises significant revenues from competitors interconnect charges

MVNO's – what next?

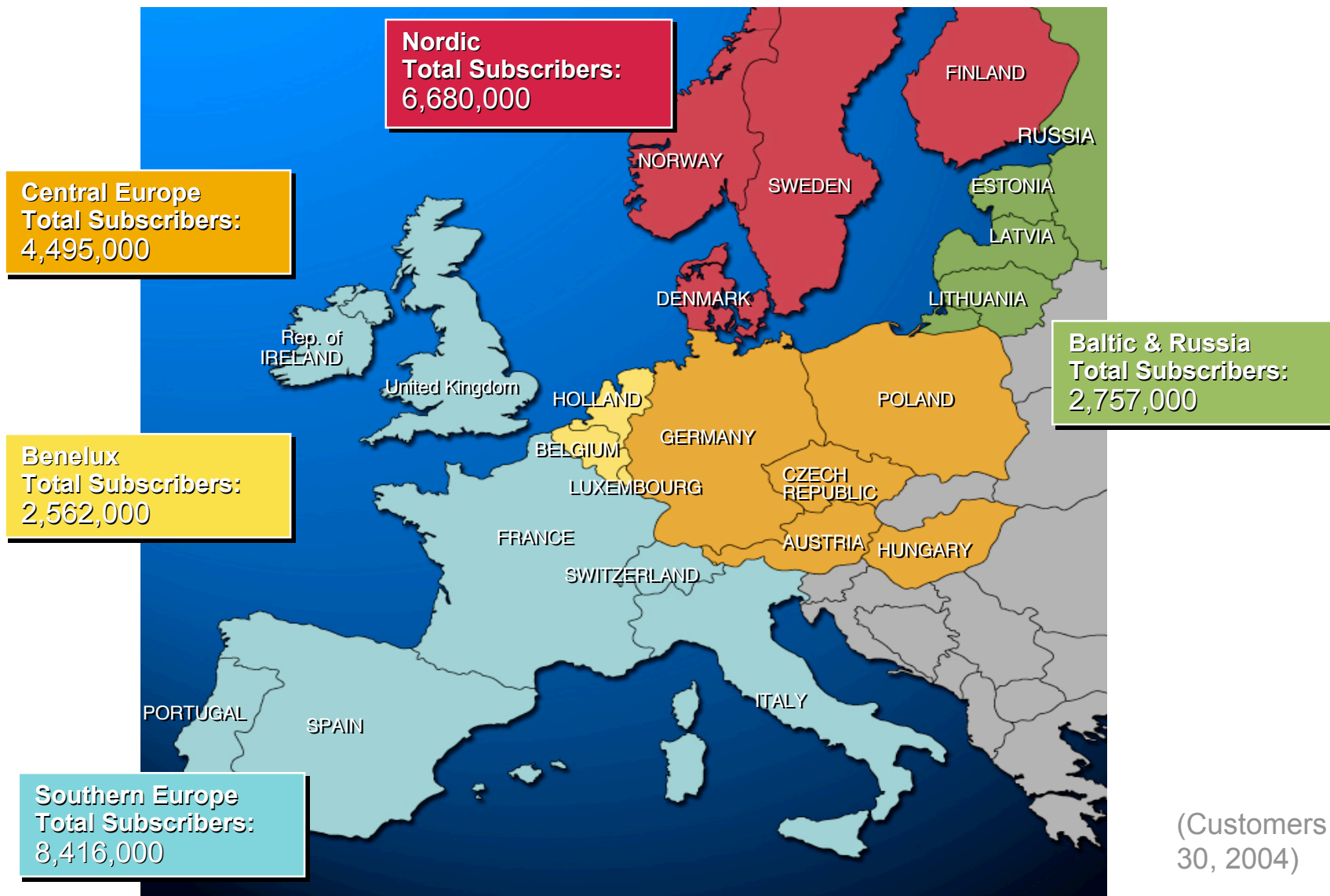
- ⇒ Model is consistent – once EBITDA breakeven in Fixed is reached then MVNO's can be launched
- ⇒ To date five MVNO's have been launched
- ⇒ France: Changing situation but still no true MVNO's – talks continue
- ⇒ Italy: talks progressing
- ⇒ Germany: EBITDA breakeven has been reached – next decision will be on MVNO or ADSL
- ⇒ Spain: EBITDA breakeven on Fixed this summer – also choice between MVNO and ADSL

Deregulation – where is it going?



- ⇒ Regulatory trends still favourable to Tele2
- ⇒ Expect continuing falls in interconnect charges
- ⇒ “Squeeze Test”
- ⇒ Tele2 continues with proactive push on regulation

24.9 million customers

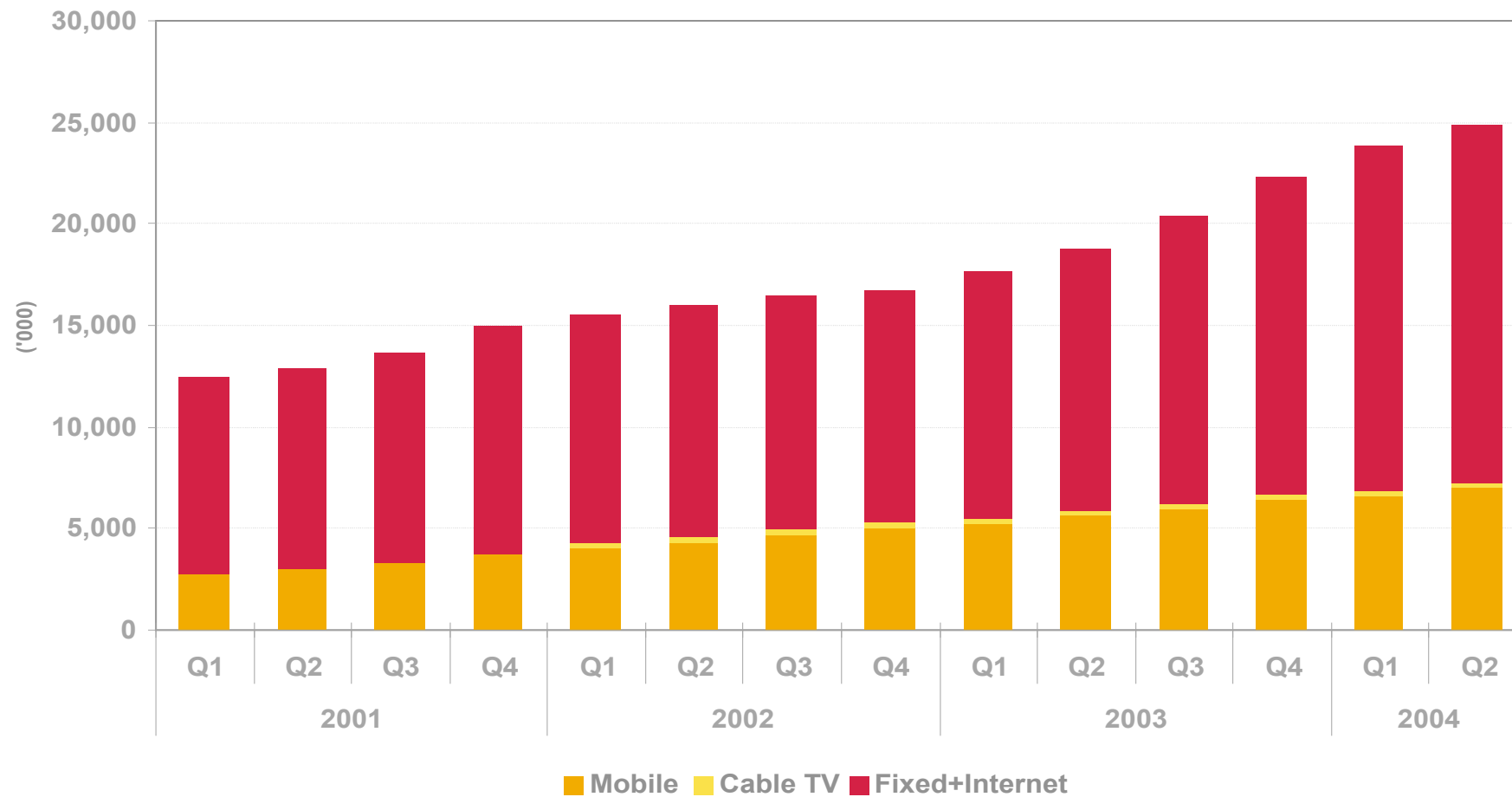


(Customers as of June 30, 2004)

25 million customers



SUBSCRIBERS



Nordic highlights



<i>(MSEK)</i>	Q2 2004	Q2 2003	% Change
Operating Revenue	3,472	3,366	+3
EBITDA	990	1,030	-4
EBIT	770	804	-4

- ⇒ Mobile customers in Sweden up 4% to 3.4 million
- ⇒ Despite high levels of competition in Sweden: mobile margins remained steady; while fixed and Internet margins rose
- ⇒ Successful launch of 3G services in Sweden
- ⇒ Norway progressing well: MVNO on-line sales strong and WLR positively impacting churn
- ⇒ Tele2 will appeal PTS decision on termination rates

Baltic & Russia highlights

<i>(MSEK)</i>	Q2 2004	Q2 2003	% Change
Operating Revenue	802	657	+22
EBITDA	294	208	+41
EBIT	151	99	+53

- ⇒ Russia: GSM now available in all 11 regions
- ⇒ Strong customer intake in Russia somewhat dilutes ARPU
- ⇒ Fixed line services launched in Latvia
- ⇒ Disposal of Estonian cable-TV operations

Central Europe highlights



<i>(MSEK)</i>	Q2 2004	Q2 2003	% Change
Operating Revenue	1,197	759	+58
EBITDA	41	-98	-
EBIT	-6	-141	-

- ⇒ Launch of fixed-line services in Hungary in April
- ⇒ Quarterly customer intake up 43% taking total to 4.5 million
- ⇒ EBITDA margin for the quarter reaches 3%: it was -13% one year ago
- ⇒ Poland developing well: Regulatory issues in Czech Republic

Southern Europe highlights



<i>(MSEK)</i>	Q2 2004	Q2 2003	% Change
Operating Revenue	4,120	3,512	+17
EBITDA	247	353	-30
EBIT	196	312	-37

- ⇒ Around 0.8 million dial-up internet and ADSL customers added in the last year
- ⇒ ARPU impacted by dilutive effect of dial-up internet customers
- ⇒ Sizeable investments in UK launch and ADSL in France are impacting margins

Benelux highlights



<i>(MSEK)</i>	Q2 2004	Q2 2003	% Change
Operating Revenue	1,062	892	+19
EBITDA	104	45	+131
EBIT	70	12	-

⇒ Belgium progressing well

⇒ Netherlands impacts net customer intake

TELE2

TELE2

Håkan Zadler, CFO
Financial Highlights



Growth, Profitability, Cash Flow – it's there



	Q2 2004	Difference to Q2 2003	
Revenues (MSEK)	10,711	+1,486	+16%
EBITDA (MSEK)	1,689	+152	+10%
Operating cash flow (MSEK)	1,505	+7	+0.5%
Customer Net Additions (thousands)	1,082	+19	+2%

⇒ Note that Q2 2004 revenue growth (16%) was all organic, while Q1 2004 revenue growth (20%) was impacted by Alpha Telecom having been included only for half of Q1 2003

Consolidated Cash Flow



(MSEK)	2004 Q2	2003 Q2	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2	2003 Q1	2002 Q4
Cash flow from operations	1,499	1,360	1,499	1,421	896	1,488	1,360	1,318	1,408
Changes in working capital	6	138	6	208	498	218	138	58	-154
Cash flow provided by operating activities	1,505	1,498	1,505	1,629	1,394	1,706	1,498	1,376	1,254
CAPEX	-369	-550	-369	-396	-483	-424	-550	-433	-526
Other investing activities	31	17	31	-22	-75	-37	17	-571	-5
Cash flow after investing activities	1,167	965	1,167	1,211	836	1,245	965	372	723
Financing activities	-2,111	-680	-2,111	116	-1,471	-1,052	-680	263	-799
Net change in cash	-944	285	-944	1,327	-635	193	285	635	-76
Cash at beginning of period	4,194	3,014	4,194	2,773	3,386	3,339	3,014	2,473	2,600
Exchange difference in cash	-71	40	-71	94	22	-146	40	-94	-51
Cash at end of period	3,179	3,339	3,179	4,194	2,773	3,386	3,339	3,014	2,473

EBITDA less CAPEX



	Q2 2003	Q2 2004	Change
Nordic	907	849	-58
Baltic & Russia	-70	200	
Central	-146	-26	
Southern	326*	206	
Benelux	-16	96	
Services	-14	-5	
Rest (excl Nordics)	80	471	+391

*Adjusted for one-time items

Mobile Sweden

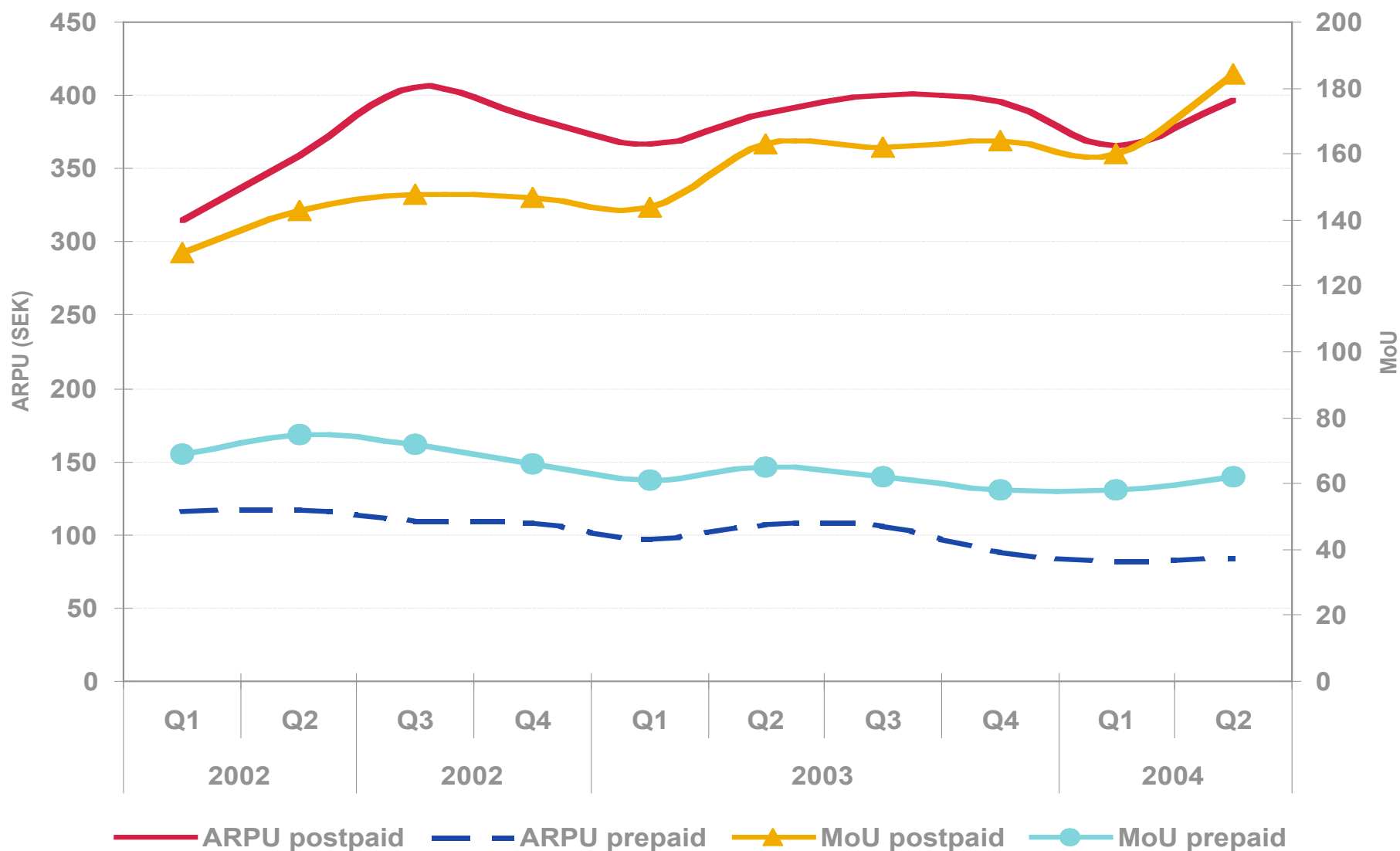


(MSEK)	Q2 2004	Q2 2003	Change, MSEK
Operating Revenue	1,622	1,697	-75
EBITDA	764*	855	-91
EBIT	664*	755	-91
Interconnect margin to TeliaSonera, SEK	0.08	0.27	

* Adjusted for costs for personnel reduction, MSEK 27

- ⇒ Revenue and margin decline mainly related to cuts in interconnect
- ⇒ Q2 2003 numbers positively affected by prepaid card accounting (tot MSEK 95 in Q1-Q3 2003)
- ⇒ Long-term UMTS fees depend on traffic volume; short-term no more than MSEK -80 in Q4 2004 → EBITDA impact less

Tele2 Mobile in Sweden



Accounting for 3G - JV in Sweden



- ⇒ Tele2 is buying capacity from SUNAB
- ⇒ The fee is included as a cost in EBITDA

- ⇒ If the fee is higher or lower than the cost in SUNAB, then this will be compensated through results from shares in associated companies, included in EBITDA

- ⇒ The costs in SUNAB consists mainly of depreciation and interest costs

Accounting for 3G

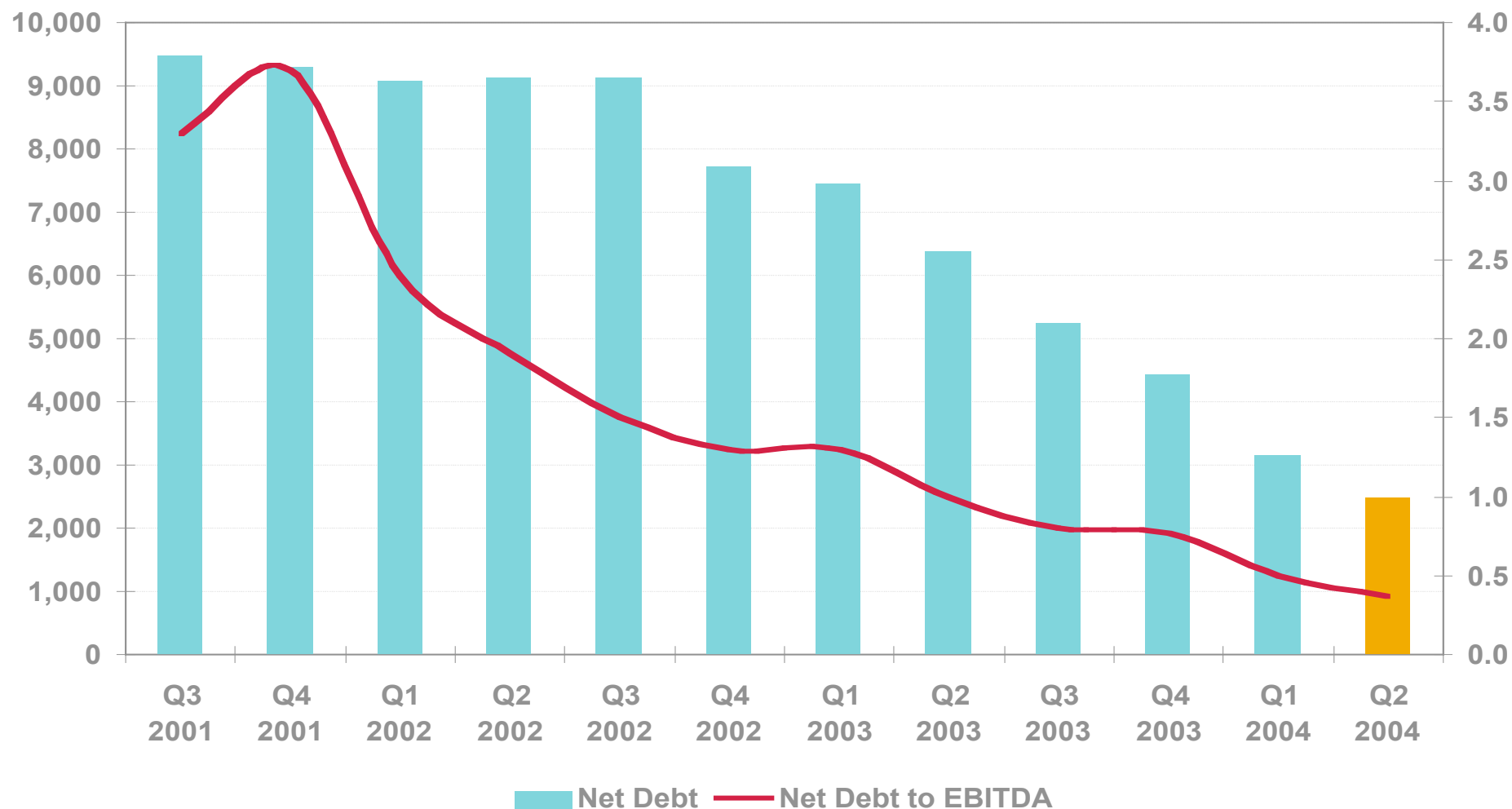


- ⇒ Depreciation has not started in SUNAB as the required minimum volume not has been reached yet
- ⇒ Depreciation will probably start in Q3/Q4 2004

Net Debt



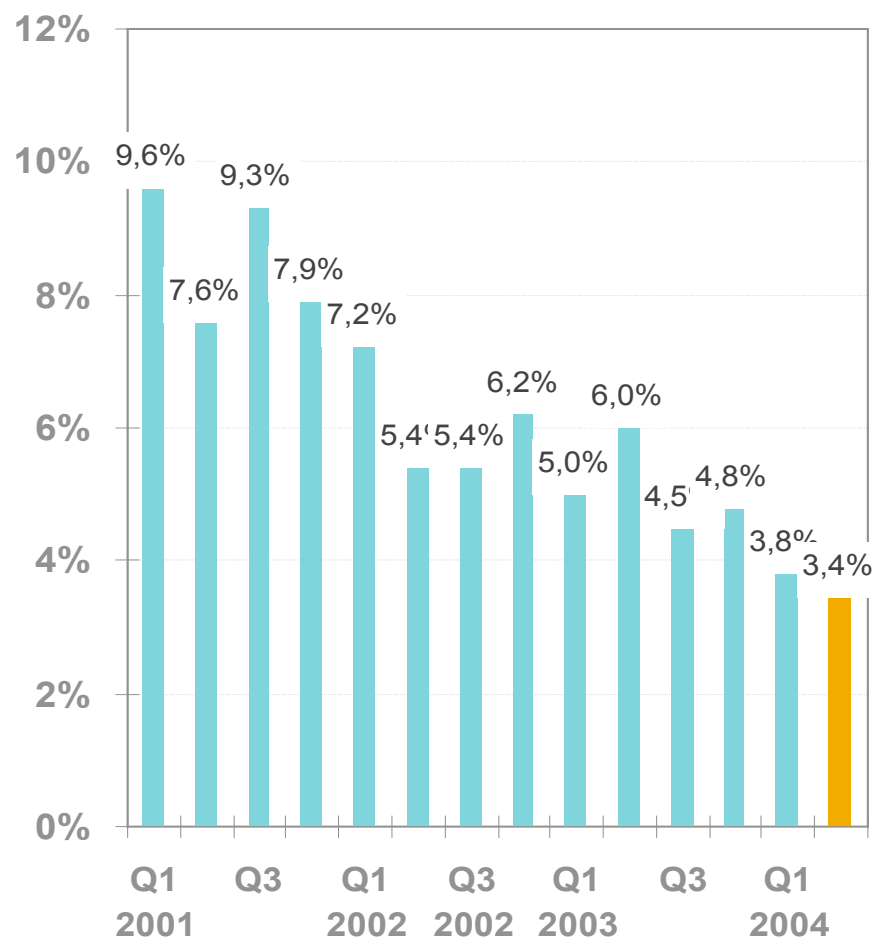
NET DEBT TO EBITDA



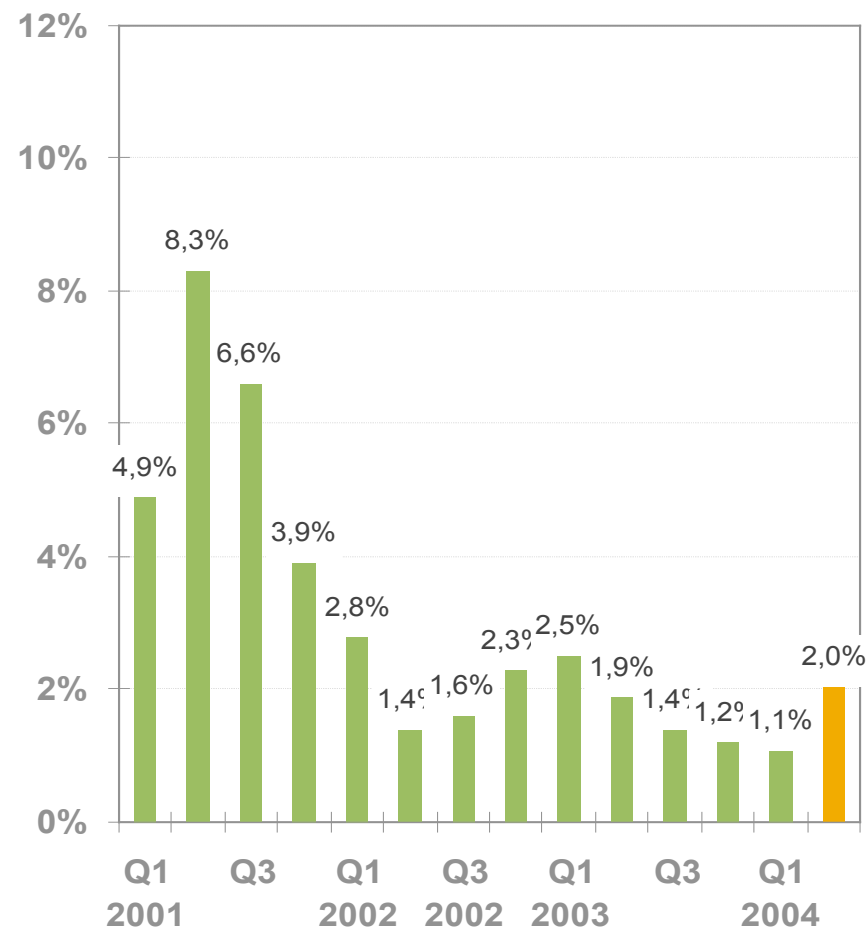
Capex to Sales

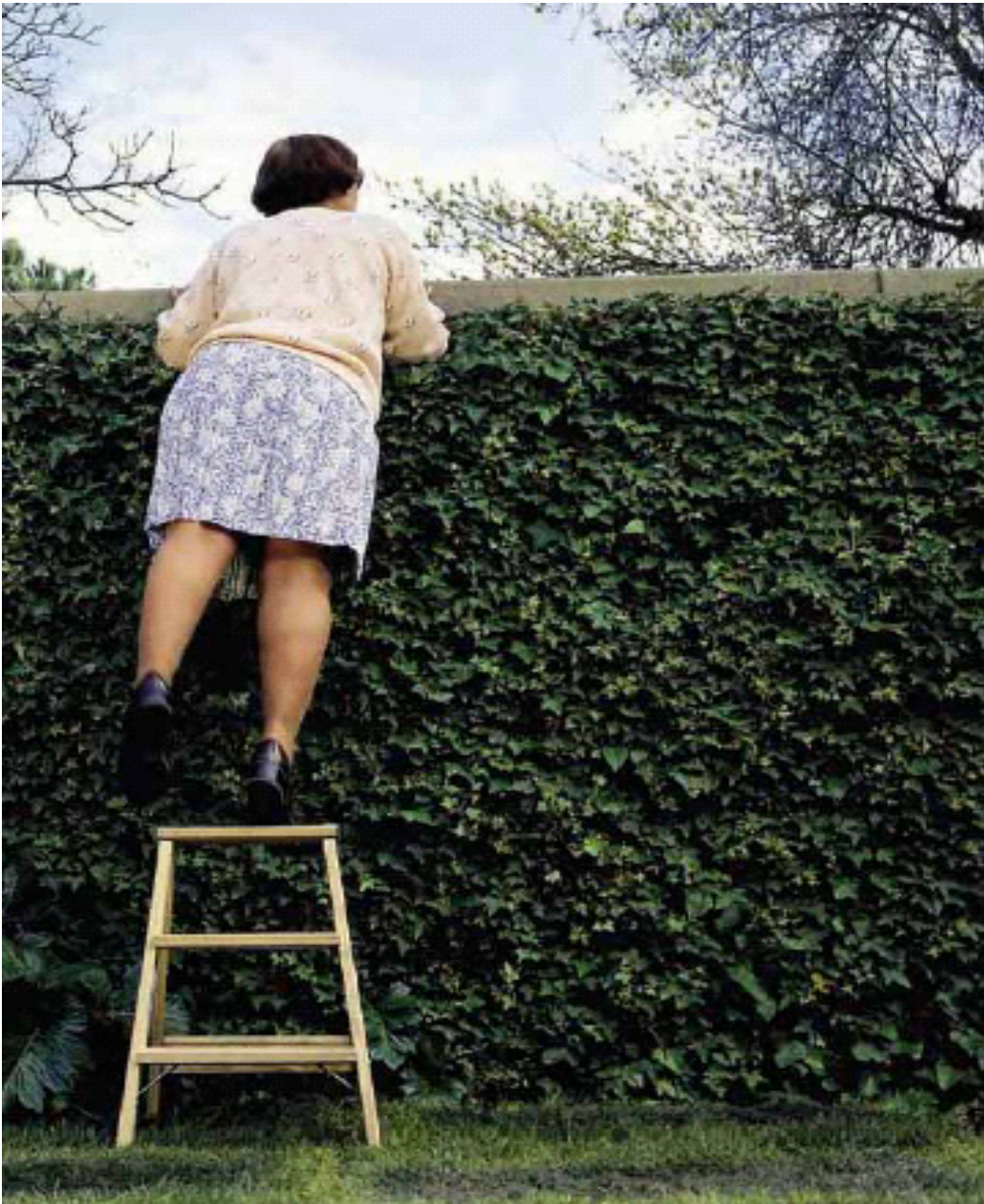


CAPEX TO SALES - GROUP



CAPEX TO SALES - CENTRAL & SOUTHERN EUROPE





Q3 2004 financial report out
on October 20, 2004