



# **Tele2 Q4 2007**

**12 February 2008**

**Lars-Johan Jarnheimer**

President & CEO

# **TEL.E2**



# 2007 – an eventful year

## REALIGNMENT PROCESS

Divestment of non-core  
Investment in core operations

## IMPROVED PROFITABILITY

Limit scale and scope to  
areas where we get superior  
return

## INCREASED OPERATIONAL FOCUS

Mobile services on own  
infrastructure

2

# TELE2



# Q4 2007 Summary

- Continued investments in mobile operations
- Completed divestments of Italy, Spain, Belgium and Hungary
- Announced divestment of Austrian MVNO operation
- Increased ownership in Tele2 Netherlands Holding (former Versatel) to 99 percent

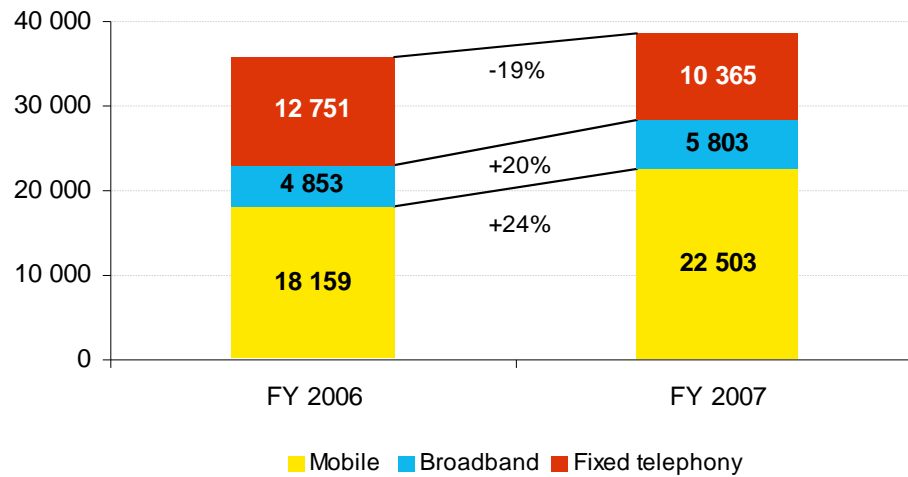
# Q4 2007 Summary

| SEK million                                      | Q4-07         | Q4-06        | Growth %     |
|--|---------------|--------------|--------------|
| <b><u>Operations less divested companies</u></b> |               |              |              |
| <b>Operating revenue</b>                         | <b>10,447</b> | <b>9,731</b> | <b>+7.4</b>  |
| - Mobile   | 5,981         | 5,022        | +19.1        |
| - Broadband                                      | 1,590         | 1,343        | +18.4        |
| - Fixed telephony                                | 2,472         | 2,971        | -16.8        |
| <b>EBITDA</b>                                    | <b>1,564</b>  | <b>1,506</b> | <b>+3.9</b>  |
| <b>EBIT</b>                                      | <b>247</b>    | <b>708</b>   | <b>-65.1</b> |

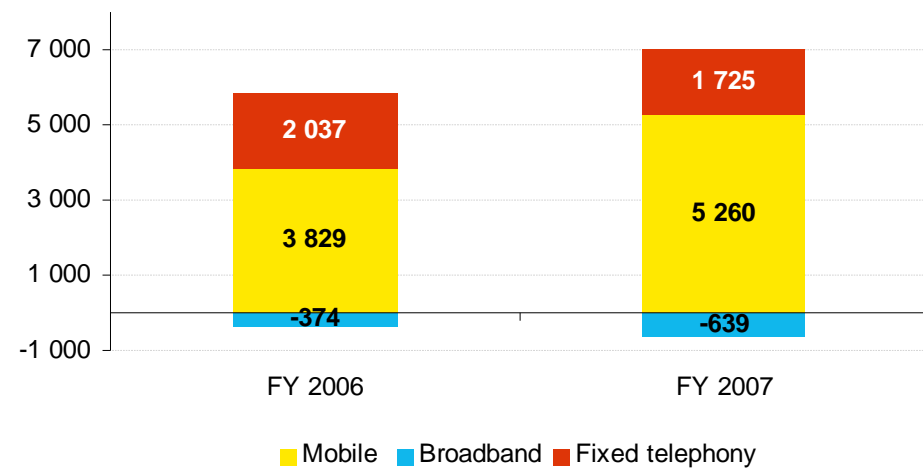
- Board of Directors proposes an **ordinary dividend of SEK 3.15** (1.85) per share, a **special dividend of SEK 4.70** per share and the authorisation to **purchase up to 10%** of own shares

# Operational Shift

### Sales



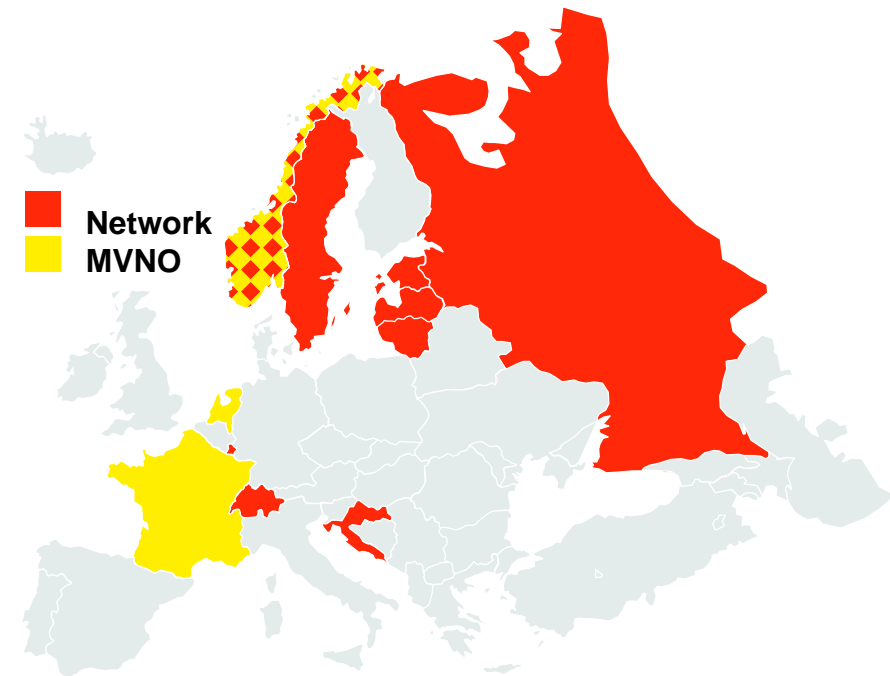
### EBITDA





# Mobile Telephony Q4 2007

- Mobile revenue grew 19% y-o-y to MSEK 5,981 = 57% of Group revenue
- EBITDA grew 30% to MSEK 1,305 = 83% of Group EBITDA
- Net customer intake 714,000
  - 92,000 in Sweden
  - 554,000 in Russia

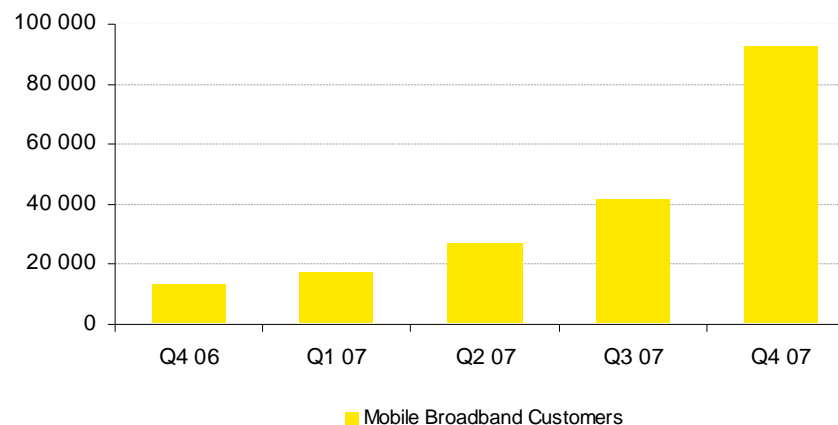




# Mobile – Sweden

- Strong intake of post-paid and mobile broadband customers
  - 10% Revenue growth
  - 35% EBITDA margin
- Continued growth in mobile broadband
  - 48,000 new mobile broadband customers in Q4 - total customer base 93,000
  - Strong growth to continue in 2008 resulting in higher acquisition cost

Mobile Broadband Customers





# Mobile – Norway

- Slower customer intake (+1,000) due to migration process to Netcom network
- New MVNO agreement with Netcom effective as of Q2 2008 will significantly improve underlying profitability
  - 6% EBITDA margin in Q4 2007
  - Revenue growth 19%





# Mobile – Russia

- Customer intake of 554,000 in line with business plan
  - Revenue growth 54%
  - EBITDA margin 31% (26%)
- 17 new regional GSM 1800 licenses awarded in Q4
- ARPU increased to SEK 58 in Q4 2007 vs SEK 55 in Q4 2006



# Mobile – Baltic & Croatia

## BALTIC COUNTRIES

- Strong customer intake in Lithuania (+43,000) and Estonia (+3,000), Latvia (-6,000) slowing down
- Double-digit revenue growth in Estonia and Lithuania
- EBITDA decline in Lithuania and Latvia mainly due to increased marketing in corporate segment
- Baltic economies cooling down

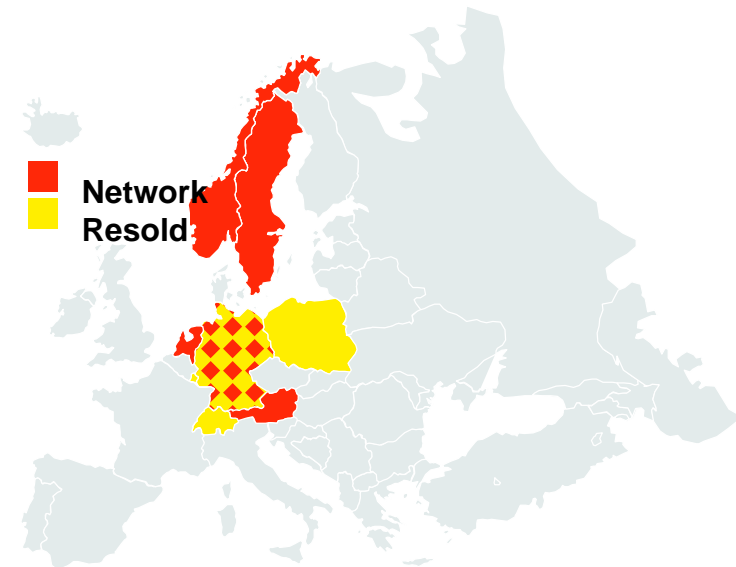
## CROATIA

- Significantly improved roaming agreement in Croatia effective June 2008
- Awarded 900 MHz frequency meaning more efficient build out
- 56% revenue growth with improving EBITDA



# Broadband Q4 2007

- Direct Access & LLUB sales growth 18%
- DA & LLUB net intake 77,000; resold broadband -8,000
  - Migration of resold customers onto DA & LLUB particularly in Norway, Sweden and Austria
- Solid growth in DA & LLUB in Austria with lower EBITDA due to increased marketing spend
- Success in Netherlands in Corporate segment





# Broadband Q4 2007, cont

- Germany EBITDA decrease
  - Still tough competition
  - Direct Access & LLUB customer intake of 15,000
  - Fixed fee to Plusnet burden EBITDA in Q4 2007
  
- Broadband profitability improvement is key in 2008



# Fixed Telephony Q4 2007

- EBITDA margin 18.5% (18.6%)
- Revenue decline continues, -17% y-o-y
- Customer net loss -204,000
- We will maximize value of declining fixed customer base through continued cost consciousness



# Summary

- Core businesses – mobile services on own infrastructure complemented by broadband:
  - Good revenue growth
  - Strong customer intake
  - Solid profitability

# In 2008...

- Develop core businesses to stay best in class
- Increased management focus on core areas
- Improved margins and cash flow, focus on ROCE



# **Tele2 Q4 2007**

**12 February 2008**

**Lars Nilsson**

**CFO**

# **TEL.E2**

## Q4 2007 Key Figures less Divested Operations

| (All figures in MSEK) | Q4 2007       | Q4 2006      | FY 2007       | FY 2006       |
|-----------------------|---------------|--------------|---------------|---------------|
| <b>Revenues</b>       | <b>10,447</b> | <b>9,731</b> | <b>40,313</b> | <b>37,113</b> |
| <b>EBITDA</b>         | <b>1,564</b>  | <b>1,506</b> | <b>6,636</b>  | <b>5,782</b>  |
| <i>EBITDA %</i>       | <i>15.0</i>   | <i>15.5</i>  | <i>16.5</i>   | <i>15.6</i>   |
| <b>EBIT</b>           | <b>247</b>    | <b>708</b>   | <b>1,285</b>  | <b>299</b>    |
| <i>EBIT %</i>         | <i>2.4</i>    | <i>7.3</i>   | <i>3.2</i>    | <i>0.8</i>    |



# Q4 2007 Continuing Operations

| (All figures in MSEK)  | Q4 2007       | Q4 2006       | FY 2007       | FY 2006       |
|------------------------|---------------|---------------|---------------|---------------|
| <b>Revenues</b>        | <b>10,453</b> | <b>11,152</b> | <b>43,420</b> | <b>43,098</b> |
| <b>EBITDA</b>          | <b>1,500</b>  | <b>1,556</b>  | <b>6,647</b>  | <b>5,776</b>  |
| <i>EBITDA %</i>        | <i>14.3</i>   | <i>14.0</i>   | <i>15.3</i>   | <i>13.4</i>   |
| One-off items          | -324          | 50            | -324          | 93            |
| Depreciation           | -945          | -872          | -4,028        | -3,413        |
| Write-down of goodwill | -5            | -             | -1,315        | -2,457        |
| Sale of operations     | -88           | -17           | 739           | 30            |
| Associated comp.       | -60           | -42           | -234          | -135          |
| <b>EBIT</b>            | <b>78</b>     | <b>675</b>    | <b>1,485</b>  | <b>-106</b>   |
| <i>EBIT %</i>          | <i>0.7</i>    | <i>6.1</i>    | <i>3.4</i>    | <i>-0.2</i>   |
| Financial items        | -103          | -160          | -726          | -562          |
| Taxes                  | -143          | -265          | -1,061        | -335          |
| <b>Net result</b>      | <b>-168</b>   | <b>250</b>    | <b>-302</b>   | <b>-1,003</b> |

# Cash Flow\*

| (All figures in MSEK)                       | Q4 2007       | Q4 2006        | FY 2007        | FY 2006       |
|---|---------------|----------------|----------------|---------------|
| CF from operations                          | 1,339         | 1,048          | 4,488          | 4,979         |
| Change in WC                                | -367          | -452           | -138           | -1,132        |
| <b>Cash Flow from operating activities</b>  | <b>972</b>    | <b>596</b>     | <b>4,350</b>   | <b>3,847</b>  |
| CAPEX                                       | -1,315        | -1,422         | -5,169         | -5,520        |
| Acquisition/sale of shares                  | 6,351         | -49            | 11,777         | -1,315        |
| Change in long-term receivables             | 161           | -260           | -6             | -101          |
| <b>Cash Flow after investing activities</b> | <b>6,169</b>  | <b>-1,135</b>  | <b>10,952</b>  | <b>-3,089</b> |
| <b>CAPEX Continuing operations</b>          | <b>-1,220</b> | <b>- 1,210</b> | <b>- 4,269</b> | <b>-4,316</b> |

\*Including discontinued operations

# Cash Flow Effect from Realignment Process

## Acquisitions

(All figures in MSEK)

|                               | FY 2007       |
|-------------------------------|---------------|
| Versatel, minority interest   | -871          |
| Telecom Eurasia, Russia       | -105          |
| Mobile Norway, JV             | -203          |
| Tele2 Syd, minority interest  | -135          |
| Other                         | -7            |
| <b>Total Cash Flow effect</b> | <b>-1,321</b> |

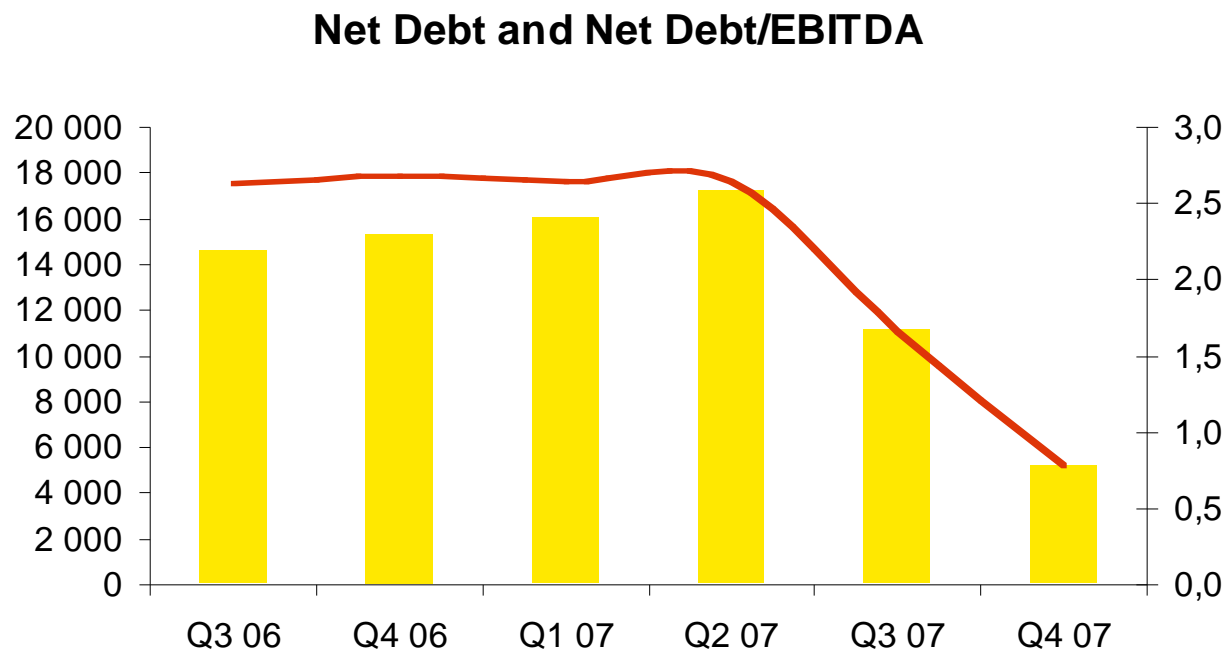
# Cash Flow Effect from Realignment Process

## Divestments

(All figures in MSEK)

|                               | FY 2007       |
|-------------------------------|---------------|
| Italy + Spain                 | 6,739         |
| Belgium                       | 862           |
| Portugal                      | 125           |
| Irkutsk, Russia               | 1,570         |
| France                        | 2,874         |
| Denmark                       | 743           |
| Hungary                       | 36            |
| Other                         | 257           |
| <b>Total Cash Flow effect</b> | <b>13,206</b> |

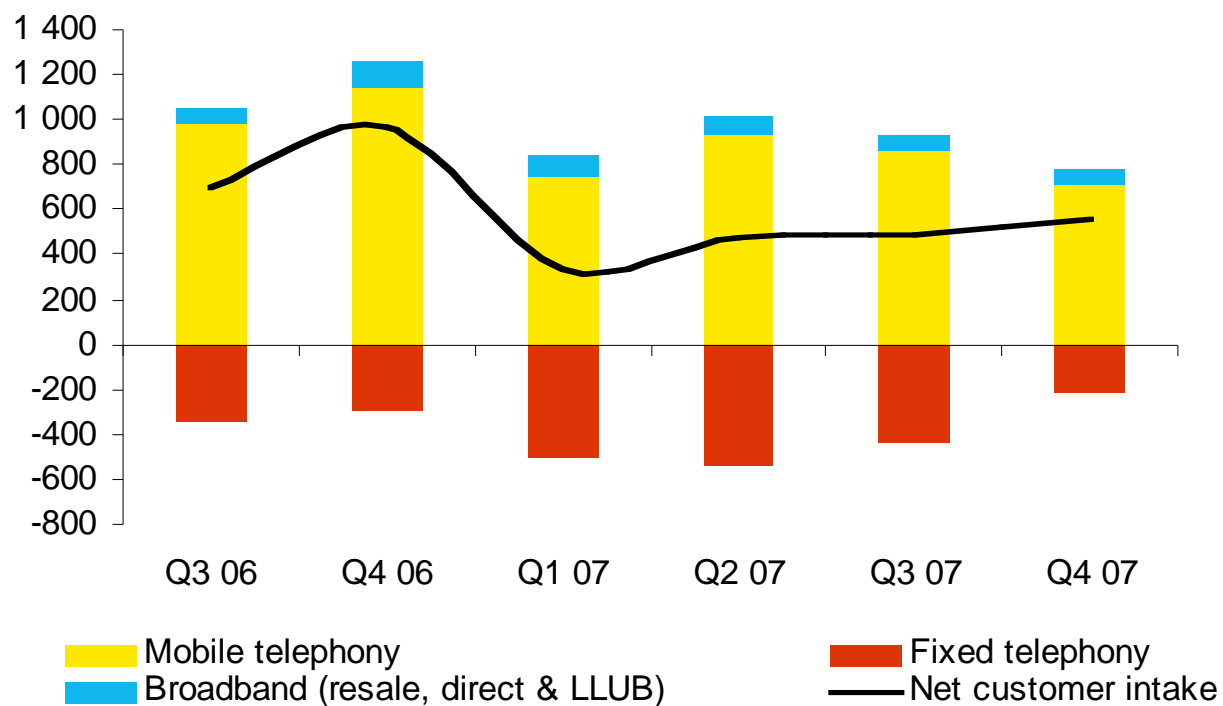
# Net Debt to EBITDA



Continuing operations

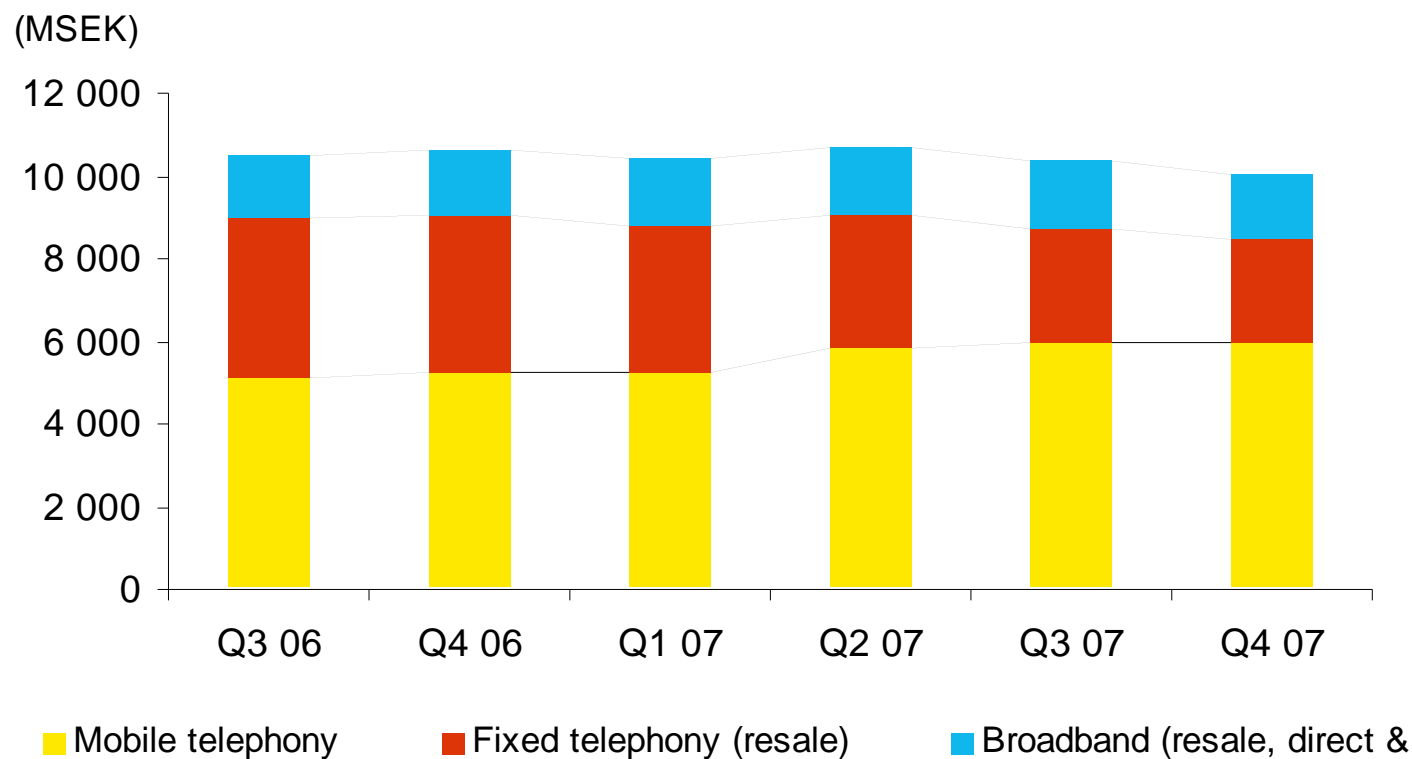
# Net Intake by Segment

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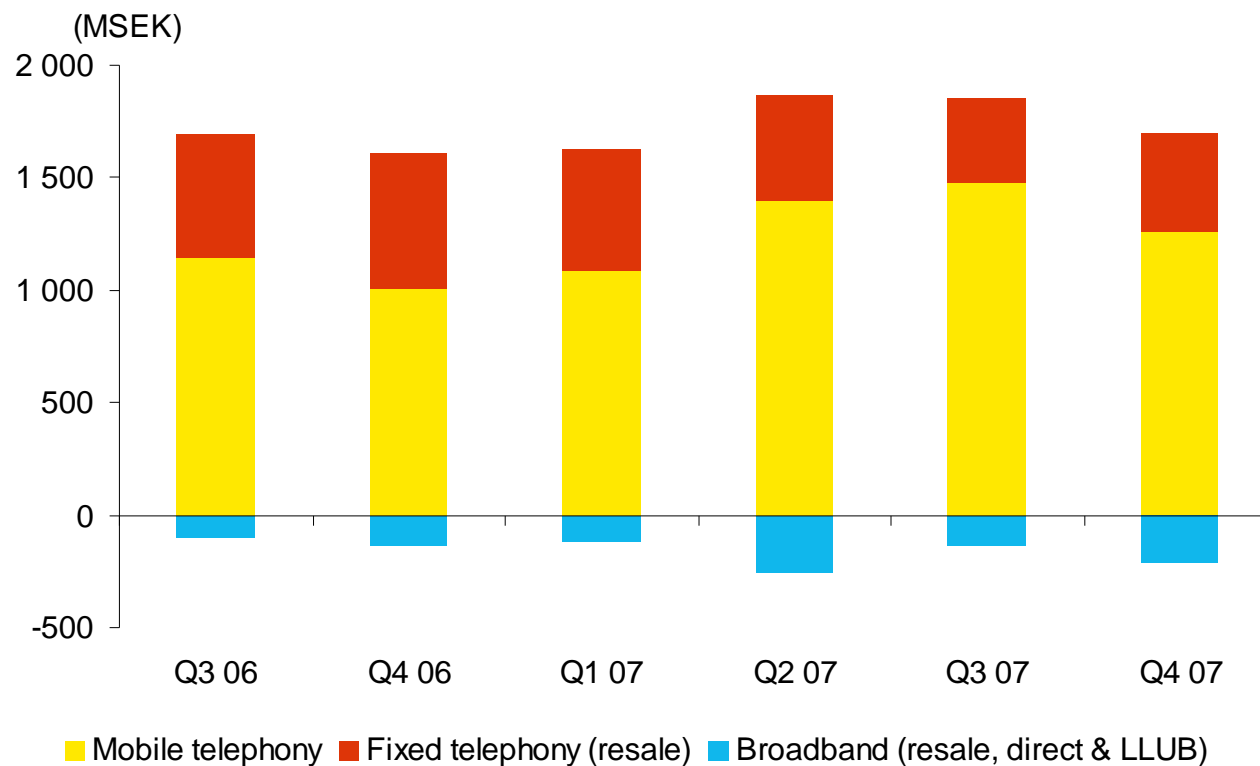
Continuing operations

# Revenue by Segment



Continuing operations

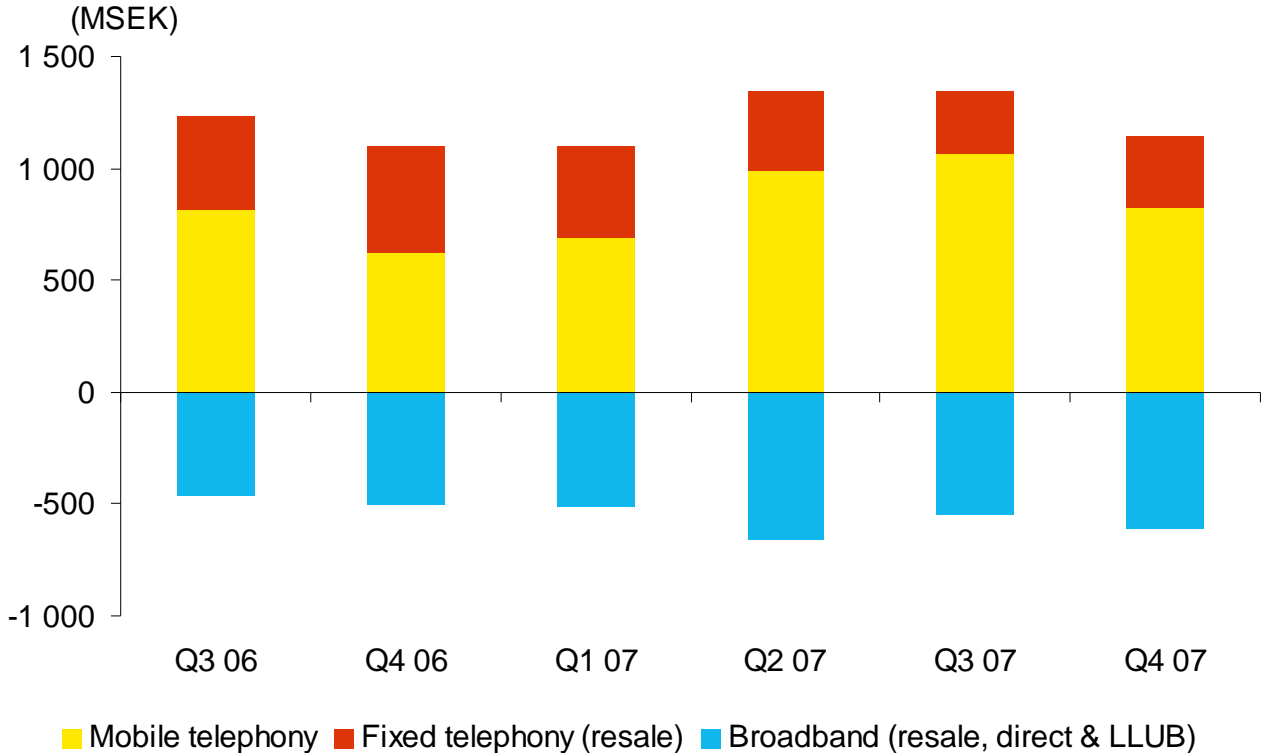
# EBITDA by Segment



Continuing operations



# EBIT\* by Segment



\* Excl. non-recurring items  
Continuing operations





Questions?



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Q1 08: 23 April 2008

AGM: 14 May 2008

## Investor Relations:

**Lars Torstensson**

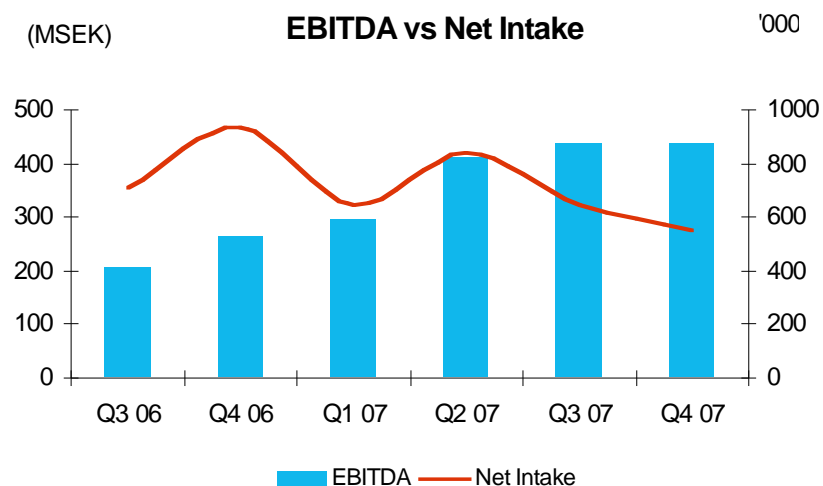
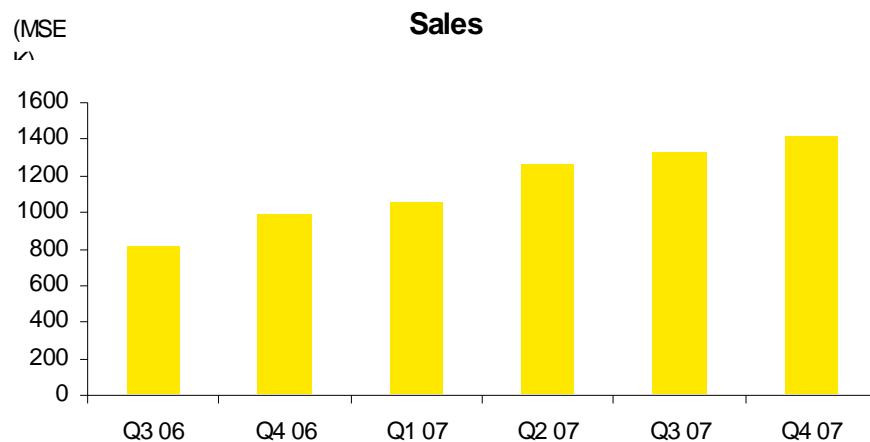
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# Appendix

# TEL.E2

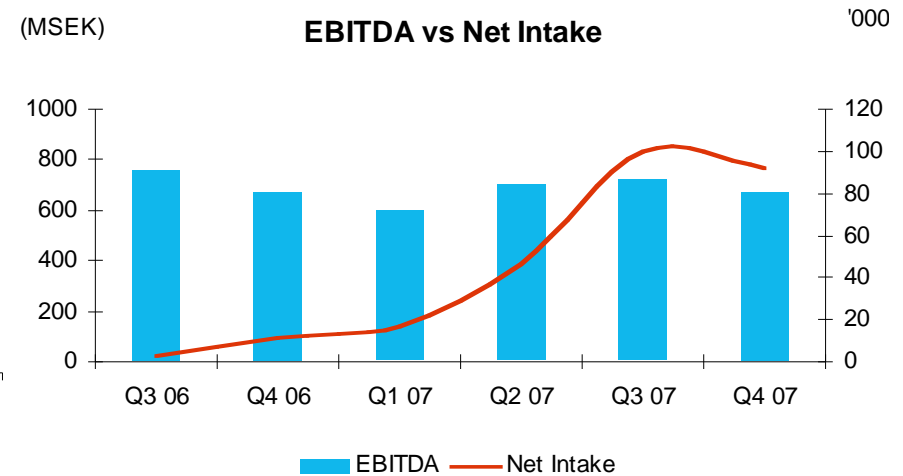
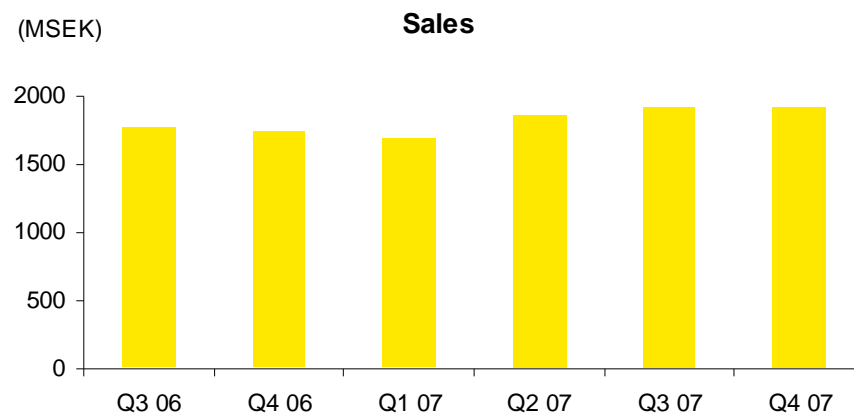
# Russia



Continuing operations

- Revenue growth 54% year-on-year
- EBITDA margin 31%
- 8.6 million customers

# Sweden Mobile



- Revenue growth 10% year-on-year
- EBITDA margin 35%