For immediate release, Wednesday, February 16, 2005

New York and Stockholm – Wednesday, February 16, 2005 – Tele2 AB ("Tele2", "the Group") (Nasdaq Stock Market: TLTOA and TLTOB and Stockholmsbörsen: TEL2A and TEL2B), the leading and profitable alternative pan-European telecom operator, today announced its consolidated results for the fourth quarter and full year ended December 31, 2004.

FULL YEAR REPORT 2004

In 2004 Tele2 increased revenues by 16% to SEK 43 billion with EBITDA rising 11% to SEK 6.6 billion

- Operating revenue for the full year increased by 16% to MSEK 43,033* (37,190**)
- Profit before tax for the full year increased by 73% to MSEK 2,681 (1,546**)
- Profit after tax for the full year amounted to MSEK 1,902 (2,396)
- Earnings per share after tax for the full year amounted to SEK 12.86 (16.20)
- Earnings per share excluding goodwill amortization amounted to SEK 25.72 (29.09)
- The Board of Directors proposes a dividend of SEK 5 (3) per share, a share split and a mandatory redemption program equivalent to SEK 10 per share, totalling SEK 15 per existing share

The figures shown in parenthesis correspond to the comparable periods in 2003.
* Including retroactive payments of ca MSEK 300 in Southern Europe (Note 1)
** Excluding MSEK –279 for 2003 regarding adjustments in Mobile Sweden (Note 1)

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PRESIDENT'S MESSAGE

"This business model has substantial room for growth"

Lars-Johan Jarnheimer, President and CEO of Tele2 AB:

"It has been a good year for Tele2, with a steady customer intake and profit before tax nearly doubling.

Tele2's strategy is to bring low priced telecoms services to all Europeans. This business model has substantial room for growth. Consistent with our strategy, we will invest in infrastructure where it lowers our costs and improves our business opportunities.

2004 was an eventful year. During the year, we successfully entered into two new countries Hungary and Ireland, acquired UTA in Austria, won a mobile license in Croatia, finished upgrading our mobile networks in Russia and launched new services in a number of countries. The cost for growing our already considerable ADSL customer base, will increase in the coming years in those countries where we see the opportunity to make money from it.

In 2004, we increased our customer base by over five million to nearly 28 million customers and our revenues by 16% to SEK 43 billion. This demonstrates our ability to manage and take advantage of the growth opportunities available to us. At the same time, we maintained strong cash flows and nearly doubled our pre tax profits.

The Board of Tele2 proposes an ordinary dividend of SEK 5 per share, reflecting its view that Tele2 is a growth company. Further, the secure financial position Tele2 enjoys and the balance it has achieved between growth, profitability and available cash flow, has enabled the Board to propose a share redemption program equivalent to SEK 10 per share."

GROUP FINANCIAL OVERVIEW FOR THE QUARTER ENDED DECEMBER 31, 2004

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2004

MSEK and thousands of customers	2004 Full year*	2003 Full year**	Q4, 2004*	Q4, 2003**
Operating Revenue	43,033	37,190	11,230	10,030
Customer intake	5,050	5,542	1,384	1,932
EBITDA	6,618	5,989	1,770	1,431
EBITA	4,691	4,051	1,244	800
EBIT	2,789	2,145	489	51
EBT	2,681	1,546	550	–102
Operating cash flow	5,876	5,974	1,156	1,394
Cash flow after CAPEX	4,314	4,084	683	911

* Including retroactive payments of ca MSEK 300 in Southern Europe (Note 1)
** Excluding MSEK –279 and MSEK –374 for the full year 2003 and Q4 2003, respectively, regarding adjustments in Mobile Sweden (Note 1)

SIGNIFICANT EVENTS IN THE QUARTER

- Tele2 completed the acquisition of UTA, Austria's leading alternative operator, making Tele2 clearly the biggest competitor to the incumbent.
- Tele2 announced that the company had obtained a license for GSM and UMTS in Croatia, with the first service launch planned for 2005.
- Tele2 enhanced its product offering in Spain by launching ADSL services.
- Tele2 acquired Russian mobile operator Votec Mobile, a GSM license holder in the region Voronezh, in Southern Russia.

All comparable numbers for Q4 2003 exclude MSEK –374 regarding the correction in Mobile Sweden (Note 1).

Despite price cuts, Tele2 generated growth in all of its market areas

OPERATING REVENUE

Operating revenue amounted to MSEK 11,230 (MSEK 10,030), corresponding to a growth of 12.0% including, and 12.2% excluding currency effects. This growth is organic.

Some MSEK 300 of the fourth quarter's revenue is retroactive compensation from suppliers in Southern Europe. Tele2 on an ongoing basis conducts price negotiations in all markets and retroactive compensations are a natural part of Tele2's business. This quarter's compensation is nevertheless greater than normally occurs and moreover concentrated in one single market area.

Despite price cuts, Tele2 generated growth in all of its market areas.

The increase in churn has not continued

CUSTOMER INTAKE

Net customer intake was 1,384,000, excluding 484,000 customers from the acquisition of UTA, compared to 1,016,000 in Q3 2004 and 1,932,000 in Q4 2003. The total numbers of customers is 27.3 million customers excluding UTA.

The increase in churn, witnessed especially in Southern Europe in Q3 2004, has not continued. Churn in both France and Italy was lower in Q4 2004 and Southern Europe's customer intake increased by over 400,000 customers compared to Q3 2004. Total gross customer intake was higher in Q4 2004 than in Q4 2003 or in Q3 2004. Churn was higher than the previous year, but stable compared to Q3 2004.

Once again, Baltic & Russia had a record customer intake, with Russia representing the bulk.

Central Europe, excluding UTA, reported a lower customer intake than in the previous quarter. The decrease is mainly related to Germany and the "open call-by-call" customers that were included in Q3 2004 with a one-off effect of around 100,000 customers. Hungary contributed the largest customer intake in Central Europe.

Benelux increased customer intake, particularly within Mobile telephony, although churn continues to be high in fixed telephony in the Netherlands.

Nordic reported its largest customer intake in one and a half years, which is primarily within mobile telephony in Sweden, where a new subscription was successfully introduced during the quarter.

ARPU

Group ARPU, excluding UTA, was SEK 141 in Q4 2004, compared to SEK 151 in Q4 2003 and SEK 140 in Q3 2004. The year-on-year decline is mainly a dilution effect, as Tele2 experiences its highest growth in countries with lower ARPU.

Tele2's results in Baltic & Russia improved by 27%

RESULTS

Group EBITDA amounted to MSEK 1,770 (MSEK 1,431). The result includes the retroactive compensations mentioned above.

The results improved in all markets, with the exceptions of Mobile telephony in Nordic and Benelux.

Fixed telephony in Continental Europe improved its results in Q4 2004 compared to Q4 2003 or Q3 2004. Tele2's goal, which is to reach a break-even in a market after three years of launch and to improve margins by 4-5% units per annum until having reached 15-20%, is still valid. The average margin is now 8-9%, excluding ADSL, which is in line with our target given our operation's average maturity in Continental Europe. Tele2's ADSL investments have had a negative impact of 2-3% on Tele2's overall margins.

Tele2's results in Baltic & Russia improved by 27% in combination with an increase in customer intake of 36% in Q4 2004.

The decline in the Nordic Mobile telephony's result is related to Swedish mobile and consists of a year-on-year decline in interconnect margins versus TeliaSonera, as well as of price cuts. In addition, the costs incurred for launching Comviq's new subscriptions are not yet fully compensated by revenues.

Profit before taxes amounted to MSEK 550 (MSEK –102), an improvement of MSEK 652.

The financial net includes a capital gain of MSEK 171 from the sale of shares in Song Networks, and an expensed amount of MSEK –41 for the prior loan facility's remaining prepaid financing cost (see Note 4).

Profit after taxes amounted to MSEK 809 (MSEK 1,916).

The period's taxes include a net amount of MSEK 729 related to the tax part of accumulated losses in companies that have started generating positive results during the year. The corresponding amount the previous year was MSEK 2,011.

REFINANCING

In Q4 2004, Tele2 Sverige AB signed an agreement with a number of banks regarding a loan facility of SEK 7 billion. The loan facility will be used for financing operations and for the final amortization of Tele2's remaining debt in the loan facility signed in 2001. The loan can be used in a number of currencies. At presence, the loan runs in USD, SEK, Euro and GBP. The five-year bank financing is divided into two facilities, where facility A amounts to SEK 3 billion and facility B amounts to SEK 4 billion. Facility B matures on November 23, 2009. Facility A matures on November 23, 2005, given that neither Tele2 Sverige AB, nor any of the creditors, wishes to extend the credit.

Tele2's dramatically improved cash flows and balance sheet compared to the time of the previous loan facility, has reduced the interest margin from 75 basis points, to 20-25 basis points at the time of signing the financing agreement. In addition, the agreement includes increased flexibility regarding amortizations and purpose of the loan. The interest margin of the five-year loan facility is based on the debt to EBITDA ratio, and varies between 25 and 40 basis points for facility B. The interest margin for facility A is 20 basis points.

CASH FLOW AND CAPEX

Cash flow stated as EBITDA less CAPEX amounted to MSEK 1,297 (MSEK 948). Investments (CAPEX) amounted to MSEK 473 (MSEK 483), or 4.2% (4,8%) of revenue.

The change in working capital in the cash flow statement amounts to MSEK –578 (MSEK 498). The change includes an effect from retroactive payments in Southern Europe for which the cash is not yet received (Note 1), as well as an effect from a payment made in Q4 2004 for a part of the shares in Song Network that were acquired but not yet paid in Q3 2004.

In Q4 2004, Tele2 started offering fixed line subscriptions in Sweden

FINANCIAL COMMENTS ON THE COMING QUARTERS

When estimating the financial results for the coming quarters, the following items should be considered:

The build-out of Tele2's Swedish UMTS network is conducted by jointly owned Svenska UMTS-nät AB. Tele2 buys capacity at a price related to the long-term cost of the investment. The operation has now reached the point where payments that until now have been limited, are expected to increase to MSEK 50-60 in Q1 2005 and to MSEK 90-100 in the following quarters (see Note 7).

In Q4 2004, Tele2 started offering fixed line subscriptions in Sweden. Our experiences in Denmark and Norway from this are positive. The churn rate there has decreased and the fixed subscription fee has made it easier to attract new customers when having a full offer. In Norway, for example, within less than six months, 50% of Tele2's customers included the fixed subscription fee as part of their Tele2 offering. The uptake so far in Sweden indicates a similar development. Our total earnings will increase with the fixed subscription fee, although there will be a one-time cost of some SEK 300 per customer, which will impact the results.

The return within Tele2's fixed telephony operation in Southern Europe has exceeded expectations. As a result of price cuts in fixed to mobile calling, we expect profitability to come down to our business plan level over the coming year.

In general, we conclude that price cuts in fixed and mobile telephony will continue to result in pressure on profitability, thus suggesting results approaching those of Q4 2004.

OPERATIONAL REVIEW BY MARKET AREA

Nordic

- **Tele2 started reselling the monthly fixed rental fee in Sweden in November with an encouraging early uptake**
- **Promising development with the new Comviq subscriptions**
- **Mobile telephony in Norway continues to show strong growth**

The market area Nordic encompasses operations in Sweden (including Optimal Telecom), Norway, Denmark and Finland and Datametrix operations.

NORDIC	Q4 2004	Q4 2003	Change
Operating revenue, MSEK	3,420	3,352*	+2%
EBITDA, MSEK	909	1,028*	–12%
EBIT, MSEK	616	691*	–11%

* Excluding MSEK –374 for Q4 2003 regarding adjustments in Mobile Sweden (Note 1)

The mobile operations in Sweden reported 3.4 million customers at December 31, 2004, an increase of 3% since December 31, 2003. Monthly average revenue per mobile user (ARPU), including both postpaid and prepaid customers, was SEK 144 (164*) in Q4 2004 and mobile minutes of usage (MOU) were 104 (84). Prepaid mobile customers accounted for 75% of the total mobile customer base.

Tele2's customer intake in mobile telephony in Sweden was particularly strong in the last month of Q4 2004, and included a large element of post paid customers. Therefore, the revenue from these customers has not yet fed through to the income statement. This, in combination with price cuts, has led to a falling ARPU for Swedish mobile in Q4 2004.

In Sweden, Comviq's new subscriptions with no lock-up period or subsidies have met our expectations. This shows that Comviq's customers increasingly want to separate their calling plans from the purchase of their mobile phone. This development also means that an increasing portion of Tele2's sales are web-based which reduces costs.

In November, Tele2 was finally able to invoice the fixed rental fee, which so far had been exclusive to TeliaSonera. There is significant interest amongst customers to add the fixed rental fee to their Tele2 calling invoices. Tele2 believes the success in Sweden will be at least similar to what it experienced in Denmark and Norway, where invoicing the fixed rental fee halved its churn. The results for Q4 2004 were not affected by the fixed rental fee in Sweden.

In Norway, Tele2's growth was strong in terms of both revenue and customer intake, and results improved from the previous year. Growth mainly came from mobile telephony and the fixed line rental. Tele2's Danish operations showed improving margins and customer intake in Q4 2004.

Baltic & Russia

- **Once again a record customer intake**
- **EBITDA growth of 27%**
- **Acquisition of Votec Mobile**

The market area Baltic & Russia encompasses operations in Estonia, Latvia, Lithuania and Russia.

BALTIC & RUSSIA	Q4 2004	Q4 2003	Change
Operating revenue, MSEK	885	745	+19%
EBITDA, MSEK	185	146	+27%
EBIT, MSEK	109	46	+137%

Mobile ARPU for Baltic & Russia, including both postpaid and prepaid customers, was SEK 85 (118) in Q4 2004.

Tele2 had a record strong customer intake of over 500,000 new customers, of which the bulk was from Russia. Given that Russia has a lower ARPU than the other countries in the market area, the strong customer growth has a dilutive effect on mobile ARPU.

In Latvia, Tele2 launched GPRS and MMS services for the prepaid customer base. In December, Tele2 acquired Russian Votec Mobile, a mobile operator with a GSM license in the territory of Voronezh, in Southern Russia.

Central Europe

- **Tele2's customers grew by over 50% in 2004**
- **Local calling finally deregulated in Poland**
- **Tele2's success in Hungary continues**

The market area Central Europe encompasses operations in Germany, Austria, Poland, the Czech Republic and Hungary.

CENTRAL EUROPE	Q4 2004	Q4 2003	Change
Operating revenue, MSEK	1,404	1,071	+31%
EBITDA, MSEK	83	–6	
EBIT, MSEK	27	–52	

The market area's ARPU for Fixed telephony and Internet, excluding UTA, was SEK 97 (125) for Q4 2004.

Tele2's growth in the market area continued to be strong, both in terms of revenue and customer intake. Germany, being the largest market, still shows good growth although it has slowed compared to the extreme growth in the beginning of 2004. The market for local calling in Poland was deregulated in December, 2004 and Tele2 looks forward to leveraging off this. In Hungary, Tele2's success continues and the awareness of the Tele2 brand is already close to 70%, even though the company has only been present in the market for nine months.

In October, Tele2 announced an agreement to acquire UTA, Austria's leading alternative operator, and on December 7, it completed the acquisition. With this acquisition, Tele2 became, by some distance, Austria's largest alternative operator in both fixed telephony and broadband. The acquisition provides Tele2 with an ADSL network that covers over 60% of the population. Further, it allows Tele2 to cut its costs significantly in Austria, where cost synergies are expected to amount to MEUR 30 on an annualised basis as of 2005. Integration costs are estimated to amount to around MEUR 30.

OPERATIONAL REVIEW BY MARKET AREA

Southern Europe

- **Strong fixed line customer intake**
- **Tele2 Italy confirmed its position as the largest alternative operator**
- **ADSL services launched in Spain**

The market area Southern Europe encompasses operations in France, Italy, Spain, Switzerland, Portugal, the UK and Ireland and C3 operations.

SOUTHERN EUROPE	Q4 2004	Q4 2003	Change
Operating revenue, MSEK	4,382	3,792	+16%
EBITDA, MSEK	533	167	+219%
EBIT, MSEK	468	128	+266%

Fixed telephony and Internet ARPU for Southern Europe was SEK 181 (190) for Q4 2004. Some MSEK 300 of the fourth quarter's revenue is retroactive compensation from suppliers in Southern Europe. Tele2, on an ongoing basis conducts price negotiations in all markets and retroactive compensations are a natural part of Tele2's business. This quarter's compensation is nevertheless greater than normally occurs and moreover concentrated in one single market area.

Tele2's operations in Southern Europe continued to show good growth with strong customer intake and improving profitability in Q4 2004. The improved customer intake is a result of a higher gross intake in combination with anti-churn measures and the introduction of new tariff plans, especially in France and Switzerland.

In Italy, Tele2 confirmed its position as the largest alternative fixed operator and increased its activities in the ADSL market. In Spain, Tele2 continued delivering profitable growth and strengthened its product offering by launching ADSL services in November.

Tele2 expects competitive intensity to remain high. However, Tele2 given its economies of scale, experience and strong brand name is well equipped to deal with these challenges.

Benelux

- **Record customer intake in mobile telephony in the Netherlands in Q4 2004**
- **Belgium continues to show strong growth in combination with improving results**
- **Anti-churn measures in the Netherlands in place**

The market area Benelux encompasses operations in the Netherlands, Luxembourg (including Tango), Liechtenstein and Belgium.

BENELUX	Q4 2004	Q4 2003	Change
Operating revenue, MSEK	1,077	1,028	+5%
EBITDA, MSEK	37	91	–59%
EBIT, MSEK	4	–18	

Fixed telephony and Internet ARPU for Benelux was SEK 133 (156) for Q4 2004.

Tele2's growth in the Benelux region is stable, driven by mobile telephony growing 26%. During Q4, the market area's net customer intake in mobile telephony was a record, with 73,000 new customers. In fixed telephony in the Netherlands, competition continues to be challenging. Belgium continues to show good and controlled growth.

Services

The market area Services includes 3C operations, ProcureITright, Proceedo Solutions, Radio Components and UNI2 operations.

SERVICES	Q4 2004	Q4 2003	Change
Operating revenue, MSEK	62	42	+48%
EBITDA, MSEK	23	5	
EBIT, MSEK	11	–4	

OTHER ITEMS

Tele2 in brief

Tele2 is Europe's leading alternative telecom operator. Tele2 always strives to offer the market's best prices. With our unique values, we provide cheap and simple telecom for all Europeans every day. We have close to 28 million customers in 24 countries. We offer products and services in fixed and mobile telephony, Internet access, data networks, cable TV and content services. Our main competitors are the former government monopolies. Tele2 was founded in 1993 by Jan Stenbeck and has been listed on Stockholmsbörsen since 1996. The share has also been listed on Nasdaq since 1997. Tele2 always strives to offer the market's best prices. In 2004 we had operating revenue of SEK 43 billion and reported a profit (EBITDA) of SEK 6.6 billion.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held at 16.00 (CET) / 15.00 (UK time) / 10.00 (New York time), on February 16, 2005. The dial-in number is: +44 (0)20 7984 7582 or US Toll Free: 1 866 239 0750. Please dial in 10 minutes prior to the start of the conference call to allow time for registration. A recording of the conference call will be available for 10 days after the call on: +44 (0)20 7984 7578 or US Toll Free: 1 866 883 4489 with access code 4714084#. The conference call will be web-cast on Tele2's website www.Tele2.com, along with the presentation material.

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DIVIDEND AND REDEMPTION OF SHARES

The Board of Directors will propose to the Annual General Meeting a dividend of SEK 5.00 (3.00) per share, and a mandatory share redemption program corresponding to SEK 10.00 per share, totalling SEK 15.00 per share. Tele2's financial position has strengthened significantly the past years, and it is the Board's opinion that the company's current balance sheet is more than adequate to secure the development of the business in the medium-term.

Tele2's Board of Directors proposes to the Annual General Meeting a share redemption procedure, whereby every share is split into 3 ordinary shares and 1 redemption share. The redemption share is then redeemed at SEK 10.00 per share. This corresponds to a total of MSEK 1,476. Combined with the proposed dividend, shareholders will receive MSEK 2,213.

Information regarding the structure of the redemption program will be provided no later than with the notice to attend the Annual General Meeting.

INVESTMENTS

In Q4 2004, Tele2 acquired all outstanding shares in Austria's leading alternative telecom operator UTA for MSEK 1,723.

In Q4 2004, Tele2 acquired 100% in Russian mobile operator Votec Mobile.

In Q4 2004, Tele2 sold the shares acquired in Q3 2004 representing 17.2% of Song Networks. The disposal resulted in a capital gain of MSEK 171 included in other financial items.

During 2004, Tele2 has invested in a new billing system. Tele2 has, in total, so far invested MSEK 89, of which MSEK 26 within Mobile telephony and MSEK 63 within Fixed telephony and Internet.

In Q3 2004, Tele2 acquired the outstanding 10% of the shares in the company that, through its 100% ownership in Tele2 Lithuania and its 52% ownership in Tele2 Estonia, conducts mobile telephony operations in the Baltic countries. After the acquisition, Tele2 owns 100% in Tele2 Estonia and Tele2 Lithuania.

In Q1 2004, Tele2 increased its ownership in its mobile telephony operations in St Petersburg, Russia.

DIVESTMENTS

Tele2 has in 2004 held far-reaching negotiations about divesting its Swedish cable TV operations, Kabelvision. In conjunction with these negotiations, Tele2 conducted a new valuation of the potential in Kabelvision, and concluded that it significantly exceeded the negotiated price levels. As a result, Tele2 has decided to keep Kabelvision and to make use of its potential within the Tele2 group.

On May 12, 2004 Tele2 sold its Cable-TV operation in Estonia with a capital gain of MSEK 26, reported under other operating revenues. The operation had 46,000 customers at the time of the divestment.

PARENT COMPANY

At the Parent company level, Tele2 reported at December 31, 2004 operating revenue of MSEK 18 (17), EBIT of MSEK –38 (–26) and liquidity MSEK 7 compared to MSEK 1 at December 31, 2003.

In May 2004, the Parent company distributed a dividend of MSEK 443.

At July 1, 2004, 6,173,141 class A shares have been reclassified into 6,173,141 class B shares (see Note 6).

CHANGES IN ACCOUNTING PRINCIPLES 2005

From January 1, 2005 Tele2 will report its accounts in accordance with the International Financial Reporting Standards (IFRS) accounting standards. For Tele2, the most significant difference between Tele2's current accounting principles and IFRS is that goodwill will no longer be amortized linearly but based on an annual assessment of write-down requirements. As goodwill is no longer amortized, earnings per share after dilution for 2004 will increase from SEK 12.86 to 25.72. See Note 8 for more information about these changes.

EVENTS POST DECEMBER 31, 2004

In February 2005, Tele2 announced that it had acquired Tiscali's Danish operations, Tiscali A/S, for MEUR 20.7 on a debt-free basis. Tiscali Denmark has some 26,000 ADSL customers and more than 50,000 dial-up Internet customers. The acquisition also includes an extensive ADSL network, reaching over 65% of Danish households. Tiscali Denmark generated revenues of some MEUR 22 in 2004.

COMPANY DISCLOSURE

Tele2's Annual Report for 2004 is scheduled for release in late March 2005.

Tele2 will release the financial and operating result for the period ended March 31, 2005 on April 25, 2005.

The Annual General Meeting (AGM) will be held at the Skandia cinema, Drottninggatan 82, Stockholm on Wednesday, May 11, 2005 at 11.30 am CET.

The Nomination Group is headed by Cristina Stenbeck as Chairman of the Group. The Nomination Group consists of: Cristina Stenbeck; Mats Guldbrand of AMF Pension; Björn Lind of SEB Asset Management and SEB Trygg Liv; and of Peter Rudman of Nordea Investment Funds. Shareholders who would like to suggest representatives for the Tele2 Board of Directors can contact agm@tele2.com, or send a letter to AGM, Tele2, P.O. Box 2094, SE-103 13 Stockholm, Sweden.

STOCKHOLM, FEBRUARY 16, 2005

Board of Tele2 AB

REPORT REVIEW

The financial and operating results for this interim report have not been subject to specific review by the Company's auditors.

INCOME STATEMENT

MSEK	Note	2004 Full year	2003 Full year	2004 Q4	2003 Q4
Operating revenue	*1*	43,033	36,911	11,230	9,656
Operating expenses	*2*	–40,313	–35,039	–10,736	–9,973
Other operating revenues	*3*	92	78	22	24
Other operating expenses		–40	–66	–6	–21
Share of profit (loss) of associated companies		17	–18	–21	–9
Operating profit, EBIT		**2,789**	**1,866**	**489**	**–323**
Net interest and other financial items	*4*	–108	–599	61	–153
Profit after financial items, EBT		**2,681**	**1,267**	**550**	**–476**
Taxes	*5*	–779	1,092	262	2,003
Minority interest		-	37	–3	15
PROFIT AFTER TAXES		**1,902**	**2,396**	**809**	**1,542**
Earnings per share after tax (SEK)		**12.89**	**16.25**	**5.48**	**10.46**
Earnings per share after tax, after dilution (SEK)		**12.86**	**16.20**	**5.47**	**10.43**
Number of shares, basic	*6*	147,560,175	147,560,175		
Number of shares, weighted average	*6*	147,560,175	147,460,175		
Number of shares after dilution	*6*	148,176,675	148,203,675		
Number of shares after dilution, weighted average	*6*	147,857,185	147,869,175		

BALANCE SHEET

MSEK	Note	2004 Dec 31	2003 Dec 31
ASSETS			
Fixed assets			
Intangible assets		22,526	23,556
Tangible assets		9,015	9,036
Long-term financial assets	*5*	3,371	3,057
		34,912	**35,649**
Current assets			
Materials and supplies		308	350
Current receivables		10,458	9,198
Cash and cash equivalents		2,148	2,773
		12,914	**12,321**
TOTAL ASSETS		**47,826**	**47,970**
EQUITY AND LIABILITIES			
Shareholders' equity		**31,396**	**30,360**
Minority interests		**2**	**7**
Provisions			
Shares in associated companies		–	6
Other provisions		63	20
		63	**26**
Long-term liabilities			
Interest-bearing liabilities		1,651	4,775
		1,651	**4,775**
Short-term liabilities			
Interest-bearing liabilities		3,300	2,461
Non-interest-bearing liabilities		11,414	10,341
		14,714	**12,802**
TOTAL EQUITY AND LIABILITIES		**47,826**	**47,970**

CASH FLOW STATEMENT

MSEK	2004 Full year	2003 Full year	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Cash flows from operation	6,228	5,062	1,734	1,574	1,499	1,421	896	1,488
Change in working capital	–352	912	–578	12	6	208	498	218
Cash flow provided by operating activities	**5,876**	**5,974**	**1,156**	**1,586**	**1,505**	**1,629**	**1,394**	**1,706**
Capital expenditure in intangible and tangible assets, CAPEX	–1,562	–1,890	–473	–324	–369	–396	–483	–424
Cash flow after CAPEX	**4,314**	**4,084**	**683**	**1,262**	**1,136**	**1,233**	**911**	**1,282**
Purchase of shares and participations	–2,945	–910	–1,869	–1,050	–15	–11	–4	–89
Liquid funds in purchased companies	143	211	143	–	–	–	–1	4
Sale of companies, less liquid funds	932	21	899	–	33	–	–1	22
Change of long-term receivables	15	12	7	6	13	–11	–69	26
Cash flow after investing activities	**2,459**	**3,418**	**–137**	**218**	**1,167**	**1,211**	**836**	**1,245**
Finansiering	–3,074	–2,940	–1,065	–14	–2,111	116	–1,471	–1,052
Net change in cash	**–615**	**478**	**–1,202**	**204**	**–944**	**1,327**	**–635**	**193**
Cash at beginning of period	2,773	2,473	3,361	3,179	4,194	2,773	3,386	3,339
Exchange difference in cash	–10	–178	–11	–22	–71	94	22	–146
CASH AT END OF PERIOD*	**2,148**	**2,773**	**2,148**	**3,361**	**3,179**	**4,194**	**2,773**	**3,386**
**of which restricted funds*	*365*	*830*	*365*	*451*	*456*	*801*	*830*	*922*

CHANGES OF SHAREHOLDERS´ EQUITY

MSEK	2004 Dec 31	2003 Dec 31
Equity, January 1	30,360	28,728
Translation differences	–423	–780
Dividend	–443	–
New issue	–	16
Profit, year-to-date	1,902	2,396
EQUITY, END OF PERIOD	**31,396**	**30,360**

NUMBER OF CUSTOMERS

In thousands	Note	NUMBER OF CUSTOMERS 2004 Dec 31	2003 Dec 31	Change	NET INTAKE 2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Nordic										
Mobile telephony		3,810	3,600	6%	79	50	45	36	45	68
Fixed telephony and Internet		2,787	2,942	–5%	–9	–25	–54	–67	14	36
Cable TV		190	178	7%	11	1	–1	1	–13	5
		6,787	**6,720**	**1%**	**81**	**26**	**–10**	**–30**	**46**	**109**
Baltic & Russia										
Mobile telephony		3,618	2,204	64%	504	435	327	148	377	218
Fixed telephony and Internet		68	57	19%	11	–1	2	–	–	–1
Cable TV	*3*	22	66	–67%	1	1	–1	–	2	–1
		3,708	**2,327**	**59%**	**516**	**435**	**328**	**148**	**379**	**216**
Central Europe										
Mobile telephony		98	50	96%	23	7	13	5	15	15
Fixed telephony and Internet	*3*	5,795	3,419	69%	328	556	378	630	582	512
		5,893	**3,469**	**70%**	**351**	**563**	**391**	**635**	**597**	**527**
Southern Europe										
Mobile telephony		40	40	0%	–1	–	–	1	1	2
Fixed telephony and Internet		8,757	7,447	18%	392	–10	267	661	749	631
		8,797	**7,487**	**17%**	**391**	**–10**	**267**	**662**	**750**	**633**
Benelux										
Mobile telephony		693	528	31%	73	33	42	17	18	36
Fixed telephony and Internet		1,916	1,775	8%	–28	–31	64	136	142	116
		2,609	**2,303**	**13%**	**45**	**2**	**106**	**153**	**160**	**152**
Net customer intake					**1,384**	**1,016**	**1,082**	**1,568**	**1,932**	**1,637**
Acquired companies	*3*				484	–	–	–	–	–
Divested companies	*3*				–	–	–46	–	–	–
TOTAL NUMBER OF CUSTOMERS		**27,794**	**22,306**	**25%**	**1,868**	**1,016**	**1,036**	**1,568**	**1,932**	**1,637**
BY BUSINESS AREA										
Mobile telephony		8,259	6,422	29%	678	525	427	207	456	339
Of which prepaid		*6,072*	*4,598*	*32%*	*582*	*403*	*351*	*138*	*351*	*312*
Fixed telephony and Internet	*3*	19,323	15,640	24%	694	489	657	1,360	1,487	1,294
Cable TV	*3*	212	244	–13%	12	2	–2	1	–11	4
Acquired companies	*3*				484	–	–	–	–	–
Divested companies	*3*				–	–	–46	–	–	–
TOTAL NUMBER OF CUSTOMERS		**27,794**	**22,306**	**25%**	**1,868**	**1,016**	**1,036**	**1,568**	**1,932**	**1,637**

OPERATING REVENUE

MSEK	Note	2004 Full year	2003 Full year	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Nordic									
Mobile telephony		7,480	7,330	1,812	2,029	1,903	1,736	1,839	1,943
Fixed telephony and Internet		6,627	6,310	1,673	1,610	1,667	1,677	1,627	1,551
Cable TV		201	207	51	46	51	53	53	53
Other operations		352	281	99	85	89	79	83	69
Adjustments mobile Sweden	*1*	–	–374	–	–	–	–	–374	–
Adjustments for internal sales		–885	–812	–215	–211	–238	–221	–250	–189
		13,775	**12,942**	**3,420**	**3,559**	**3,472**	**3,324**	**2,978**	**3,427**
Baltic & Russia									
Mobile telephony		3,178	2,600	854	856	772	696	713	723
Fixed telephony and Internet		108	106	31	26	27	24	27	25
Cable TV		16	26	2	3	4	7	7	6
Adjustments for internal sales		–5	–8	–2	–1	–1	–1	–2	–2
		3,297	**2,724**	**885**	**884**	**802**	**726**	**745**	**752**
Central Europe									
Mobile telephony		88	58	29	24	19	16	25	15
Fixed telephony and Internet		5,461	3,863	1,500	1,389	1,299	1,273	1,171	993
Adjustments for internal sales		–491	–480	–125	–113	–121	–132	–125	–119
		5,058	**3,441**	**1,404**	**1,300**	**1,197**	**1,157**	**1,071**	**889**
Southern Europe									
Mobile telephony		31	32	7	8	8	8	7	9
Fixed telephony and Internet	*1*	17,558	14,647	4,642	4,153	4,379	4,384	4,033	3,527
Adjustments for internal sales		–1,149	–736	–267	–307	–267	–308	–248	–195
		16,440	**13,943**	**4,382**	**3,854**	**4,120**	**4,084**	**3,792**	**3,341**
Benelux									
Mobile telephony		1,197	943	336	322	291	248	266	264
Fixed telephony and Internet		3,186	2,834	771	770	812	833	798	717
Cable TV		7	11	3	–2	5	1	2	3
Other operations		6	21	1	1	–	4	–2	6
Adjustments for internal sales		–151	–105	–34	–27	–46	–44	–36	–24
		4,245	**3,704**	**1,077**	**1,064**	**1,062**	**1,042**	**1,028**	**966**
Services									
Fixed telephony and Internet		38	43	17	7	7	7	7	11
Other operations		384	258	107	101	92	84	86	60
Adjustments for internal sales		–204	–144	–62	–56	–41	–45	–51	–32
		218	**157**	**62**	**52**	**58**	**46**	**42**	**39**
TOTAL OPERATING REVENUE		**43,033**	**36,911**	**11,230**	**10,713**	**10,711**	**10,379**	**9,656**	**9,414**
BY BUSINESS AREA									
Mobile telephony		11,974	10,963	3,038	3,239	2,993	2,704	2,850	2,954
Fixed telephony and Internet	*1*	32,978	27,803	8,634	7,955	8,191	8,198	7,663	6,824
Cable TV		224	244	56	47	60	61	62	62
Other operations		742	560	207	187	181	167	167	135
Adjustments mobile Sweden	*1*	–	–374	–	–	–	–	–374	–
Adjustments for internal sales		–2,885	–2,285	–705	–715	–714	–751	–712	–561
TOTAL OPERATING REVENUE		**43,033**	**36,911**	**11,230**	**10,713**	**10,711**	**10,379**	**9,656**	**9,414**

EBITDA

MSEK	Note	2004 Full year	2003 Full year	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Nordic									
Mobile telephony		2,832	3,299	636	787	705	704	806	909
Fixed telephony and Internet		996	896	263	219	254	260	211	236
Cable TV		32	40	6	6	7	13	9	14
Other operations		–6	–	4	–12	3	–1	2	–1
Adjustments mobile Sweden	1	–	–374	–	–	–	–	–374	–
		3,854	**3,861**	**909**	**1,000**	**969**	**976**	**654**	**1,158**
Baltic & Russia									
Mobile telephony		929	809	189	241	271	228	159	221
Fixed telephony and Internet		–12	–8	–5	–2	–3	–2	–13	8
Cable TV	3	27	–1	1	–	26	–	–	–
		944	**800**	**185**	**239**	**294**	**226**	**146**	**229**
Central Europe									
Mobile telephony		–57	–53	–21	–15	–14	–7	–13	–12
Fixed telephony and Internet		303	–250	104	129	55	15	7	–95
		246	**–303**	**83**	**114**	**41**	**8**	**–6**	**–107**
Southern Europe									
Mobile telephony		–15	–4	–5	–3	–	–7	–1	–1
Fixed telephony and Internet		1,165	1,108	538	186	247	194	168	289
		1,150	**1,104**	**533**	**183**	**247**	**187**	**167**	**288**
Benelux									
Mobiltelephony		167	153	–7	49	60	65	67	42
Fixed telephony and Internet		201	89	53	43	49	56	36	19
Cable TV		–19	–9	–6	–5	–5	–3	–3	–3
Other operations		–7	–10	–3	–	–	–4	–9	–1
		342	**223**	**37**	**87**	**104**	**114**	**91**	**57**
Services									
Fixed telephony and Internet		1	4	2	–	–	–1	3	1
Other operations		81	21	21	35	13	12	2	9
		82	**25**	**23**	**35**	**13**	**11**	**5**	**10**
TOTAL EBITDA		**6,618**	**5,710**	**1,770**	**1,658**	**1,668**	**1,522**	**1,057**	**1,635**
BY BUSINESS AREA									
Mobiltelephony		3,856	4,204	792	1,059	1,022	983	1,018	1,159
Fixed telephony and Internet		2,654	1,839	955	575	602	522	412	458
Cable TV	3	40	30	1	1	28	10	6	11
Other operations		68	11	22	23	16	7	–5	7
Adjustments mobile Sweden	1	–	–374	–	–	–	–	–374	–
TOTAL EBITDA		**6,618**	**5,710**	**1,770**	**1,658**	**1,668**	**1,522**	**1,057**	**1,635**
EBITDA MARGIN									
Nordic	1	28%	30%	27%	28%	28%	29%	22%	34%
Baltic & Russia	3	29%	29%	21%	27%	37%	31%	20%	30%
Central Europe		5%	–9%	6%	9%	3%	1%	–1%	–12%
Southern Europe		7%	8%	12%	5%	6%	5%	4%	9%
Benelux		8%	6%	3%	8%	10%	11%	9%	6%
Services		38%	16%	37%	67%	22%	24%	12%	26%
TOTAL EBITDA MARGIN		**15%**	**15%**	**16%**	**15%**	**16%**	**15%**	**11%**	**17%**

EBIT

MSEK	Note	2004 Full year	2003 Full year	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Nordic									
Mobile telephony		2,397	2,866	489	678	618	612	686	804
Fixed telephony and Internet	2	627	383	178	128	157	164	12	135
Cable TV		–65	–21	–49	–8	–7	–1	–6	–1
Other operations		–15	–9	–2	–13	2	–2	–1	–2
Adjustments mobile Sweden	1	–	–374	–	–	–	–	–374	–
		2,944	**2,845**	**616**	**785**	**770**	**773**	**317**	**936**
Baltic & Russia									
Mobile telephony		451	454	114	113	129	95	61	146
Fixed telephony and Internet		–13	–9	–5	–2	–4	–2	–13	6
Cable TV	3	23	–10	–	–1	26	–2	–2	–1
		461	**435**	**109**	**110**	**151**	**91**	**46**	**151**
Central Europe									
Mobile telephony		–66	–61	–23	–17	–16	–10	–15	–14
Fixed telephony and Internet		115	–414	50	80	10	–25	–37	–137
		49	**–475**	**27**	**63**	**–6**	**–35**	**–52**	**–151**
Southern Europe									
Mobile telephony		–15	–4	–5	–3	–	–7	–1	–
Fixed telephony and Internet		963	940	473	149	196	145	129	248
		948	**936**	**468**	**146**	**196**	**138**	**128**	**248**
Benelux									
Mobile telephony		69	61	–32	24	35	42	43	17
Fixed telephony and Internet	2	175	–17	47	36	43	49	–45	14
Cable TV		–25	–15	–8	–6	–6	–5	–5	–3
Other operations		–9	–16	–3	1	–2	–5	–11	–1
		210	**13**	**4**	**55**	**70**	**81**	**–18**	**27**
Services									
Fixed telephony and Internet		–3	–1	–	–1	–	–2	–	1
Other operations		44	1	11	25	4	4	–4	3
		41	**–**	**11**	**24**	**4**	**2**	**–4**	**4**
Group adjustments, depreciation/amortization	2	–1,864	–1,888	–746	–370	–378	–370	–740	–387
TOTAL EBIT		**2,789**	**1,866**	**489**	**813**	**807**	**680**	**–323**	**828**
BY BUSINESS AREA									
Mobile telephony		2,836	3,316	543	795	766	732	774	953
Fixed telephony and Internet	2	1,864	882	743	390	402	329	46	267
Cable TV	3	–67	–46	–57	–15	13	–8	–13	–5
Other operations		20	–24	6	13	4	–3	–16	–
Adjustments mobile Sweden	1	–	–374	–	–	–	–	–374	–
Group adjustments, depreciation/amortization	2	–1,864	–1,888	–746	–370	–378	–370	–740	–387
TOTAL EBIT		**2,789**	**1,866**	**489**	**813**	**807**	**680**	**–323**	**828**
EBIT MARGIN									
Nordic	1,2	21%	22%	18%	22%	22%	23%	11%	27%
Baltic & Russia	3	14%	16%	12%	12%	19%	13%	6%	20%
Central Europe		1%	–14%	2%	5%	–1%	–3%	–5%	–17%
Southern Europe		6%	7%	11%	4%	5%	3%	3%	7%
Benelux	2	5%	0%	0%	5%	7%	8%	–2%	3%
Services		19%	0%	18%	46%	7%	4%	–10%	10%
TOTAL EBIT MARGIN		**6%**	**5%**	**4%**	**8%**	**8%**	**7%**	**–3%**	**9%**

INVESTMENTS, CAPEX

MSEK	2004 Full year	2003 Full year	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Market areas								
Nordic	430	454	93	90	141	106	86	111
Baltic & Russia	684	908	273	139	94	178	221	234
Central Europe	156	163	21	32	67	36	53	29
Southern Europe	133	134	36	35	41	21	14	29
Benelux	103	155	31	21	8	43	54	18
Services	56	76	19	7	18	12	55	3
Investments in intangible and tangible assets	**1,562**	**1,890**	**473**	**324**	**369**	**396**	**483**	**424**
Investments, non-cash transactions								
Finance lease	–	5	–	–	–	–	5	–
TOTAL, CAPEX	**1,562**	**1,895**	**473**	**324**	**369**	**396**	**488**	**424**
BUSINESS AREAS								
Mobile telephony	1,063	1,250	397	195	182	289	361	279
Fixed telephony and Internet	432	545	54	121	166	91	78	132
Cable TV	7	32	1	2	2	2	1	10
Other operations	60	63	21	6	19	14	43	3
Investments in intangible and tangible assets	**1,562**	**1,890**	**473**	**324**	**369**	**396**	**483**	**424**
Investments, non-cash transactions								
Finance lease	–	5	–	–	–	–	5	–
TOTAL, CAPEX	**1,562**	**1,895**	**473**	**324**	**369**	**396**	**488**	**424**

TELE2 OPERATIONS IN SWEDEN*

MSEK	Note	2004 Full year	2003 Full year	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3
Operating revenue									
Mobile telephony	*1*	6,306	6,626	1,480	1,681	1,622	1,523	1,637	1,748
Fixed telephony and Internet		3,867	3,793	963	938	970	996	976	937
Cable TV		201	191	51	46	51	53	50	49
Adjustments mobile	*1*	–	–374	–	–	–	–	–374	–
Total		**10,374**	**10,236**	**2,494**	**2,665**	**2,643**	**2,572**	**2,289**	**2,734**
EBITDA									
Mobile telephony	*1*	2,849	3,325	648	773	716	712	780	919
Fixed telephony and Internet		781	714	193	186	201	201	174	197
Cable TV		32	35	6	6	7	13	8	13
Adjustments mobile	*1*	–	–374	–	–	–	–	–374	–
Total		**3,662**	**3,700**	**847**	**965**	**924**	**926**	**588**	**1,129**
EBITDA margin									
Mobile telephony	*1*	45%	50%	44%	46%	44%	47%	48%	53%
Fixed telephony and Internet		20%	19%	20%	20%	21%	20%	18%	21%
Cable TV		16%	18%	12%	13%	14%	25%	16%	27%
Total		**35%**	**36%**	**34%**	**36%**	**35%**	**36%**	**26%**	**41%**
EBIT									
Mobile telephony	*1*	2,444	2,903	506	674	637	627	663	817
Fixed telephony and Internet		486	308	126	112	125	123	7	125
Cable TV		–65	–23	–49	–8	–7	–1	–6	–1
Adjustments mobile	*1*	–	–374	–	–	–	–	–374	–
Total		**2,865**	**2,814**	**583**	**778**	**755**	**749**	**290**	**941**
EBIT margin									
Mobile telephony	*1*	39%	44%	34%	40%	39%	41%	41%	47%
Fixed telephony and Internet		13%	8%	13%	12%	13%	12%	1%	13%
Cable TV		–32%	–12%	–96%	–17%	–14%	–2%	–12%	–2%
Total		**28%**	**27%**	**23%**	**29%**	**29%**	**29%**	**13%**	**34%**

*Tele2 Sverige AB, Optimal Telecom AB, Cable TV operations in Sweden and profit/loss from share in the joint venture Svenska UMTS-nät AB

FIVE-YEAR SUMMARY

MSEK	2004	2003	2002	2001	2000
Operating revenue	43,033	36,911	31,282	25,085	12,440
Number of customers, thousands	27,794	22,306	16,764	14,958	11,554
EBITDA	6,618	5,710	5,127	1,698	1,820
EBITA	4,691	3,772	3,006	183	802
EBIT	2,789	1,866	1,494	–1,323	376
EBT	2,681	1,267	796	–1,944	165
Profit (loss) after taxes	1,902	2,396	223	392	–396
Shareholders' equity	31,396	30,360	28,728	29,517	26,539
Shareholders' equity, after dilution	31,453	30,419	28,757	29,547	26,584
Total assets	47,826	47,970	46,872	49,258	42,397
Cash flow from operation	5,876	5,974	4,365	413	883
Cash flow after CAPEX	4,314	4,084	2,475	–1,732	–627
Liquidity	5,113	3,444	2,332	1,625	1,304
Net borrowing	2,738	4,427	7,729	9,286	7,095
Investments in intangible and tangible assets, CAPEX	1,562	1,895	1,956	2,162	1,514
Investments in shares and long-term receivables	1,756	767	626	304	20,512
Number of employees, average	2,928	3,274	3,115	2,172	1,747
Key ratios					
Solidity, %	66	63	61	60	63
Debt/equity ratio, %	0.09	0.15	0.27	0.31	0.27
EBITDA margin, %	15.4	15.5	16.4	6.8	14.6
EBIT margin, %	6.5	5.1	4.8	–5.3	3.0
Return on shareholders' equity, %	6.2	8.1	0.8	1.4	–2.4
Return on shareholders' equity, after dilution, %	6.2	8.1	0.8	1.4	–2.4
Return on capital employed, %	8.2	5.0	3.9	–3.3	1.9
Average interest rate, %	3.5	5.0	6.4	6.3	4.8
Per share data (SEK)					
Profit excluding goodwill amortization	25.78	29.17	11.77	13.09	0.26
Profit excluding goodwill amortization, after dilution	25.72	29.09	11.75	13.07	0.26
Profit (loss)	12.89	16.25	1.51	2.70	–3.47
Profit (loss), after dilution	12.86	16.20	1.51	2.70	–3.47
Shareholders' equity	212.77	205.88	194.95	203.56	232.62
Shareholders' equity, after dilution	212.72	205.71	194.79	203.46	232.74
Cash flow from operating activities	39.82	40.51	29.62	2.85	7.74
Dividend	15.00	3.00	–	–	–
Market value at closing day	261.00	384.00	230.50	378.00	392.00

NOTES

ACCOUNTING PRINCIPLES AND DEFINITIONS

The Interim report has been prepared in accordance with recommendation RR20 of the Swedish Financial Accounting Standards Council. In 2004, Tele2 has improved the accounting of profit/loss in associated companies, from previously having reported these as a item between operating profit and financial items to including them in the operating profit (EBIT) but not in EBITDA. The new principle better reflects Tele2's operations, where profit/loss from the 3G company is viewed to be of an operating rather than of a financial nature. The share of results from 3G company, which will mainly be impacted by depreciation, do not affect the EBITDA for Tele2 Group. Tele2 has in all other respect reported its interim report in accordance with the accounting principles and methods used in the Annual Report and Accounts for the financial year of 2003. Definitions are stated in the Annual Report for 2003.

As of January 1, 2005 Tele2 will report according to IFRS. Please refer to Note 8 for the relevant differences.

Definitions

EBITDA – Operating profit before depreciation, amortization and result from share in associated companies
EBITA – Operating profit after depreciation, before amortization
EBIT – Operating profit after depreciation and amortization
EBT – Profit after financial items

NOTE 1 OPERATING REVENUE

Operating revenue in Q4 2004 increased by some MSEK 300 relating to retroactive compensation from suppliers in Southern Europe. Tele2 on an ongoing basis conducts price negotiations in all markets and retroactive compensations are a natural part of Tele2's business. This quarter's compensation is nevertheless greater than normally occurs and moreover concentrated in one single market area.

Q4 2004 operating revenue for Tele2 Sweden includes MSEK 24 related to Mobile telephony according to the MVNO agreement with Telenor. The capacity swap in the agreement is to be viewed on group level as an exchange transaction between Tele2 and Telenor, where revenues from the swap are settled against costs.

Revenue from mobile telephony is shown as calls are made, which means that sold but not yet used prepaid cards should not be included in revenues. To estimate this, revenues in Sweden have, up until Q3 2003, been recognized according to a model that has been used unchanged since the start of Tele2's prepaid telephony in 1997, rather than a system to measure the value of sold but not used prepaid cards. In Q4 2003, Comviq brought such a system into use, and it was established that sold but not used prepaid cards have been undervalued by around MSEK –374 in total for the period 1997 through 30 September, 2003, of which MSEK –95 is related to 2003.

NOTE 2 OPERATING EXPENSES

As a result of the valuation of loss-carry-forwards for Tele2 Germany to its full value in Q4 2004, the part of loss carry forwards that existed when Tele2 acquired the company, and that could have reduced goodwill by MSEK 378 (Q4 2003: MSEK 322) had the tax asset been valued to its full value at that time, is accounted for an amortization according to the Swedish Financial Accounting Standards Council's recommendation RR9-Income taxes. All losses that existed in SEC at the time of acquisition, are now included at their full estimated tax value in the balance sheet.

Write-downs on fixed assets amounted to MSEK 172 were made in Q4 2003 and was related to Atlantic undersea cable, in which Tele2 Sweden and Tele2 Luxembourg invested in the late 1990s. They were expensed as a result of Tele2's assessment of continued excess supply of capacity.

NOTE 3 DISPOSALS AND ACQUISITIONS OF OPERATIONS

On May 12, 2004 Tele2 sold its Estonian cable-TV operation with a capital gain of MSEK 26, reported as other operating revenue. The number of customers at the time of disposal was 46,000.

On December 7, 2004, Tele2 acquired Austria's leading alternative operator, UTA, with operations in fixed telephony and Internet, for MSEK 1,723. The number of customers at the time of the acquisition amounted to 484,000. UTA is to be included in consolidated numbers as of December 31, 2004.

NOTE 4 NET INTEREST AND OTHER FINANCIAL EXPENSES

In Q4 2004, Tele2 recorded a capital gain of MSEK 171 from the sale of shares in Song Networks AB. This is reported as a financial item. Q4 2004 financial items also include a one-time cost of MSEK 41 regarding the remaining parts of the financing costs of the old credit facility.

The Q4 2003 result is affected by a write-down of MSEK 75 regarding shares in TravelLink AB.

NOTE 5 TAXES

At December 31, 2004 and December 31, 2003 the total deferred tax assets for the group is MSEK 2,747 and MSEK 2,459 respectively, and is included in the item "Long-term financial assets".

According to Tele2's accounting principles, a deferred tax asset in the case of loss-carry-forwards is reported only to the extent that it can be utilized against future profits. This means that losses in start-up operations cannot be offset against taxes on profits in more mature operations. For Tele2 this has led to higher tax expenses than if the taxes had been based on the company's combined profits.

As a result of the continued improvement of Tele2's results in Continental Europe, deferred tax assets corresponding to a net amount of MSEK 729 (MSEK 2,011), have been recognized in the income statement.

Of the net amount, MSEK 1,212 relates mainly to companies that have started reporting positive results during the year, and for which we estimate to balance accumulated losses against future profits, and MSEK –483 relates to companies for which we have changed our earlier estimate of being able to balance accumulated losses.

Total losses carried forward for the Group as of December 31, 2004 amounted to MSEK 13,275 (MSEK 18,486), of which 10,582 (11,575) has been utilized for deferred tax accounting and the remaining part, MSEK 2,693 (MSEK 6,911), is valued to zero.

NOTE 6 SHARES AND CONVERTIBLES

At December 31, 2004 and December 31, 2003 Tele2 has outstanding warrants, corresponding to 616,500 and 643,500 B shares respectively, with a subscription price of SEK 191 per share and a subscription period from 2005 to 2007.

At July 1, 2004, 6,173,141 class A shares were reclassified into class B shares. The reclassification was made in accordance with the resolution passed at the Annual General Meeting on May 12, 2004. The number of class A shares following the reclassification is 15,516,663 and the number of class B shares is 132,043,512. The total number of outstanding shares remains unchanged at 147,560,175.

NOTE 7 UMTS-NÄT AB IN SWEDEN

Tele2 and TeliaSonera each own 50% of Svenska UMTS-nät AB, which has a 3G license in Sweden. Both companies have injected capital in Svenska UMTS-nät AB. In addition to this, the build out has external financing, with a loan facility of SEK 7 billion, which is 50% guaranteed by each party. Tele2 and TeliaSonera are technically MVNO's with the 3G company and hence act as capacity purchasers. In the longer run the cost will be variable in relation to purchased volume but until a certain volume threshold is reached the fees are equal for both parties. The size of the fee is mainly proportional to the total investment. The 3G company is to generate a certain return which in simple terms means that depreciation and interest costs will be covered by a certain margin. In Tele2's quarterly reports an abbreviated version of Svenska UMTS-nät AB's balance sheet will be disclosed and hence the level of investment at that time.

Tele2's investments in the 3G company are included in EBIT as a share of results from associated companies, as described under Accounting principles. This means that a positive result for the 3G company is settled against the cost for purchasing capacity on EBIT-level.

NOTES

At December 31, 2004 Tele2's guarantee amounted to MSEK 1,007 compared to MSEK 363 at December 31, 2003. The balance sheet for Svenska UMTS-nät AB at December 31, 2004 is stated below:

	MSEK
Fixed assets	3,009
Other current assets	317
Liquid funds	81
TOTAL ASSETS	**3,407**

	MSEK
Equity	1,001
Provision	2
Long-term liabilities	2,014
Short-term liabilities	390
TOTAL EQUITY AND LIABILITIES	**3,407**

NOTE 8 CHANGES IN ACCOUNTING PRINCIPLES 2005

From January 1, 2005 Tele2 will report its accounting in accordance with the International Financial Reporting Standards (IFRS). A gradual transition to IFRS has, over a number of years, already taken place in Sweden, involving, by and large, the adaptation of the recommendations of the Swedish Financial Accounting standards Council to comply with IFRS. Tele2 is already following the recommendations issued by the Swedish Financial Accounting Standards Council and has therefore already largely adapted to comply with the IFRS. Despite Tele2's gradual adjustment, the requirement for full adjustment to IFRS will affect Tele2's accounts.

The date for the changeover to IFRS is set to January 1, 2004, as IFRS demands that one year is restated according to IFRS for comparison. Switching to IFRS is done in accordance with IFRS 1 "First-time adoption of International Financial Reporting Standards". The main rule of IFRS 1 is that all recommendations are to be implemented retroactively. IFRS 1 allows certain optional exceptions from the principle of retroactive application. Tele2 has decided to apply the following exceptions:

- Only acquisitions and mergers completed in the period after and including January 1, 2004, will be restated according to IFRS 3.
- Stock related compensations will be accounted for according to IFRS 2, for the incentive program allotted after November 7, 2002 and not utilized per January 1, 2005. Tele2 has chosen not to retroactively apply IFRS 2 prior to this date, and consequently no plans are restated.
- Tele2 has chosen to apply IAS 19 from the date of the transition, which means that actuarial gains and losses that occurred prior to this date are directly accounted as equity in the opening balance. This effect is limited, whereby it has not been taken into consideration below.

Financial information related to the financial years prior to 2004 is not restated.

The effects of the implementation of IFRS on Tele2's 2004 results and balance are detailed below.

	BALANCE SHEET, SUMMARY, 2004					
	Acc. to existing principles	**a) Goodwill**	**b) Financial leasing**	**c) Minority interest**	**Total IFRS adjustments**	**Acc. to IFRS**
EBITDA	6,618	–	11	–	11	6,629
Results from shares in associated companies	17	–	–	–	–	17
Depreciation/amortization	–3,846	1,902	–7	–	1,895	–1,951
EBIT	2,789	1,902	4	–	1,906	4,695
Financial items	–108	–	–3	–	–3	–111
Profit before taxes	2,681	1,902	1	–	1,903	4,584
Taxes	–779	–	–	–	–	–779
Minority interest	–	–	–	–	–	
PROFIT FOR THE YEAR	**1,902**	**1,902**	**1**	**–**	**1,903**	**3,805**
Earnings per share after taxes	12.89	12.89	0.01	–	12.90	25.79
Earnings per share after full dilution	12.86	12.86	0.01	–	12.87	25.73

	EQUITY					
	Acc. to existing principles	**a) Goodwill**	**b) Financial leasing**	**c) Minority interest**	**Total IFRS adjustments**	**Acc. to IFRS**
Shareholders' equity, Jan 1 2004	30,360	–	11	7	18	30,378
Translation differences for the year	–423	–35	–	–5	–40	–463
Dividend for the year	–443	–	–	–	–	–443
Profit for the year	1,902	1,902	1	–	1,903	3,805
SHAREHOLDERS' EQUITY, DEC 31 2004	**31,396**	**1,867**	**12**	**2**	**1,881**	**33 277**

NOTES

a) Goodwill

Intangible assets are, according to IFRS, to be divided into assets with a defined economic life and assets with an undefined economic life. According to IFRS 3, goodwill is classified as an asset with an undefined economic life, and therefore it should not be amortized but subject to annual impairment tests. Since IFRS 3 applies from the date of transition onwards, goodwill amortization for the financial year 2004 is according to IFRS, reapplied. In accordance with the transition rules, Tele2 has conducted impairment tests per January 1 and December 31, 2004. The tests imply no need for amortization.

IFRS clarifies the criteria for identifying and accounting for certain types of assets in conjunction with acquisitions. IFRS 3 explains various identifiable acquired intangible assets such as customer relations, patents, licenses, brands, agreements etc and determines that they are to be assessed at market value at the time of acquisition and accounted separately from goodwill. Tele2 has analysed its acquisitions conducted in 2004 and concluded that the established valuations fulfil the requirements of IFRS.

b) Financial leasing

Tele2 has certain rental agreements that previously were accounted for as operational leasing, as they were entered into prior to January 1, 1997, and that, according to a transitional rule, are not included in the Swedish Financial Accounting Standards Council's recommendation RR6:99, but that according to IAS 17 are to be accounted for as financial leasing agreements.

c) Minority interest

According to IAS 1, minority interests are included as a separate component in shareholders' equity in the balance sheet, which differs from current rules that prescribe minority interests to be included as an item between liabilities and equity. The minority interest is to be included as a part of net profit in the income statement. The profit attributable to the owners of the parent company and to the minority owners in subsidiaries, are then separately specified below the net profit line.

RETAILERS' COMMISSIONS IN TELE2 SWEDEN

Tele2 Sweden, in conjunction with IFRS, changes its accounting principle for retailers' commissions on mobile prepaid cards. As of January 1, 2005, they will, on a gross level, be included in marketing costs instead of, on a net level, balancing revenue. This means that the absolute EBITDA number in Swedish mobile will be unaffected, whereas net revenue will increase somewhat, implying a negative effect on Swedish mobile EBITDA-margins of a few percentage points.