

**TELE2**

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**Lars-Johan Jarnheimer**  
President and CEO  
Q1 2004 Financial Report



# We remain a growth company

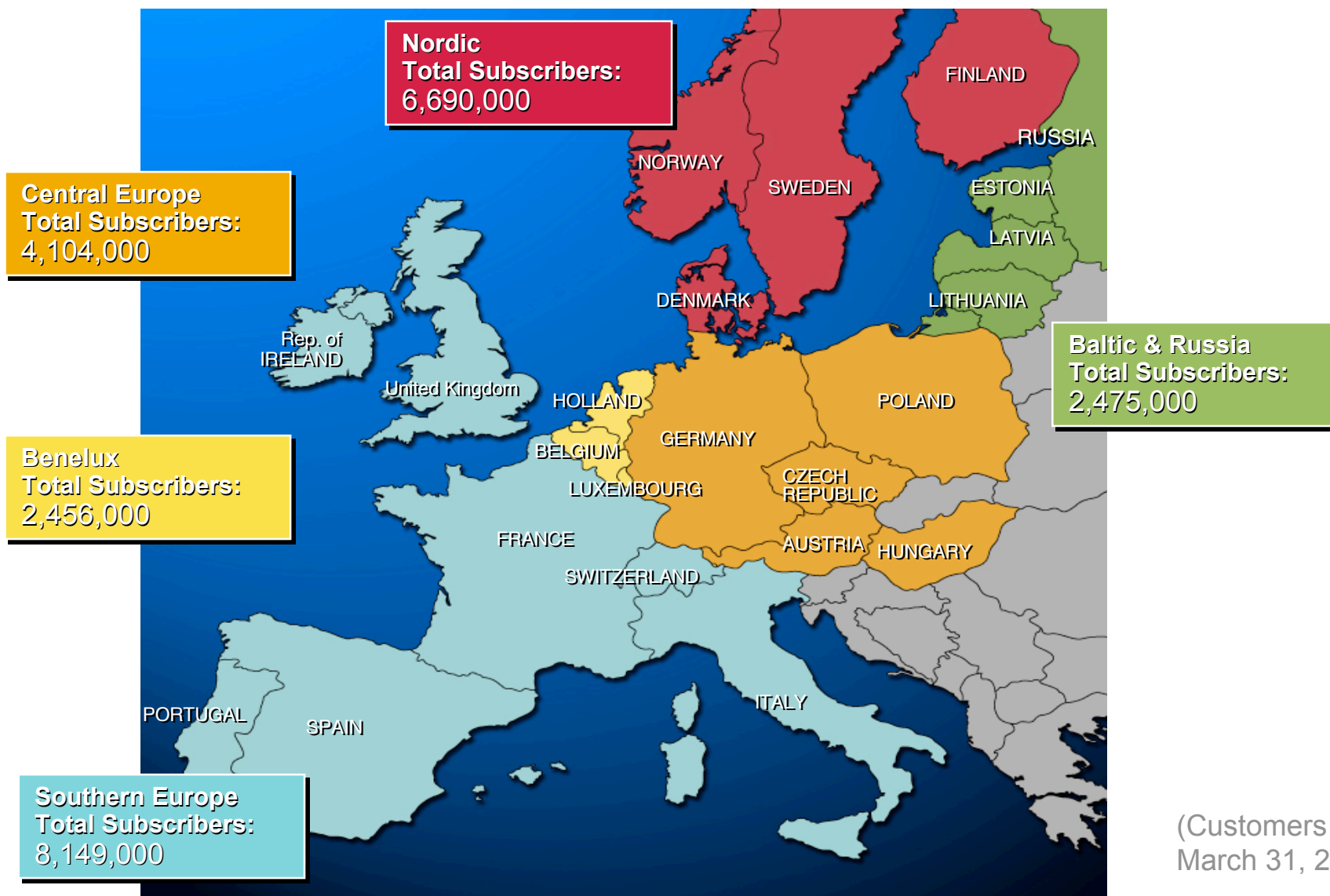


<i>(MSEK)</i>	Q1 2004	Q1 2003	% Change
Operating Revenue	10,379	8,616	+20
EBITDA	1,522	1,480	+3
Operating cash flow	1,629	1,376	+18
Cash flow after investments	1,211	372	+226

## ⇒ Balance maintained

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

# 23.9 million customers

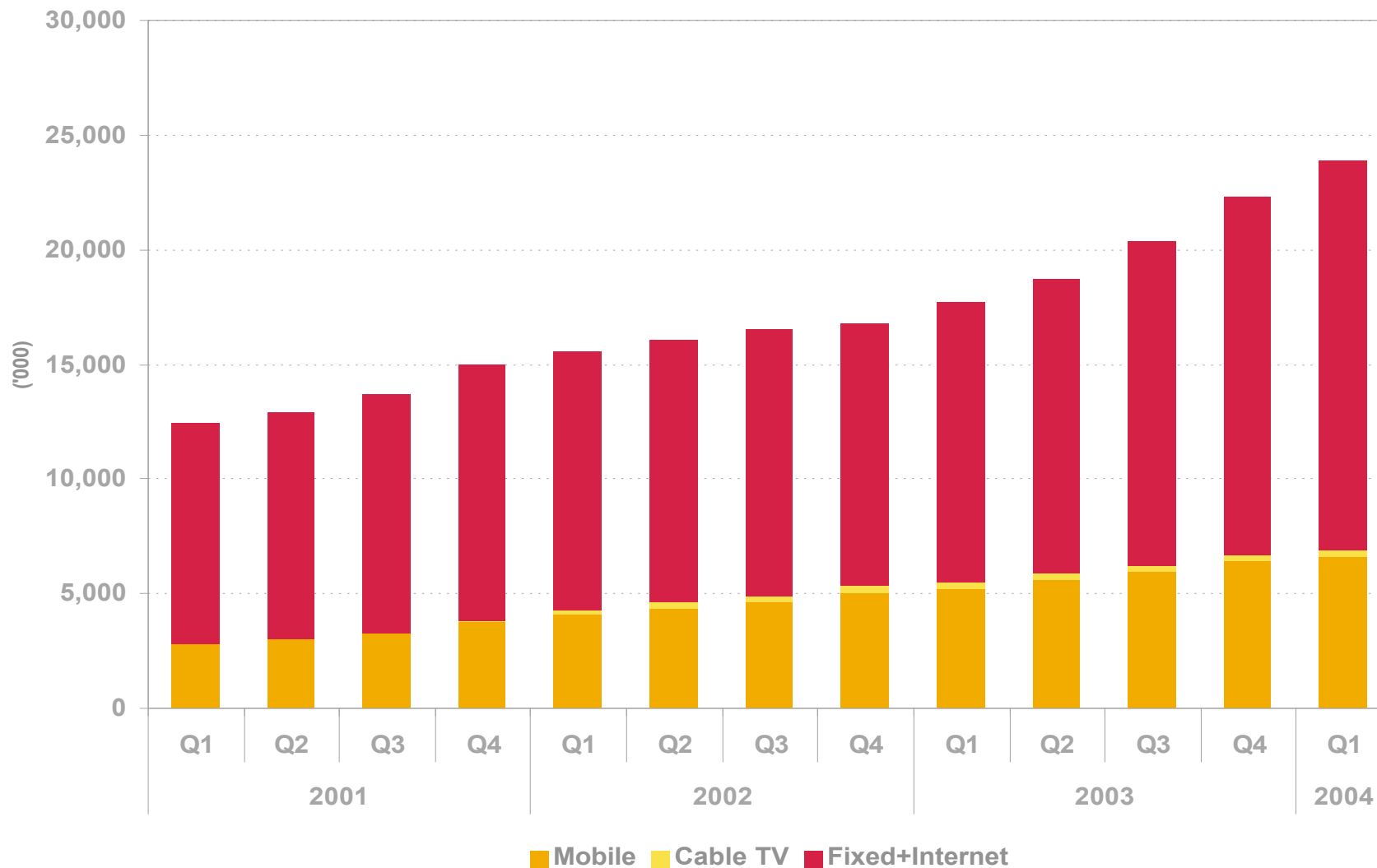


(Customers as of March 31, 2004)

# 1.6 million new customers



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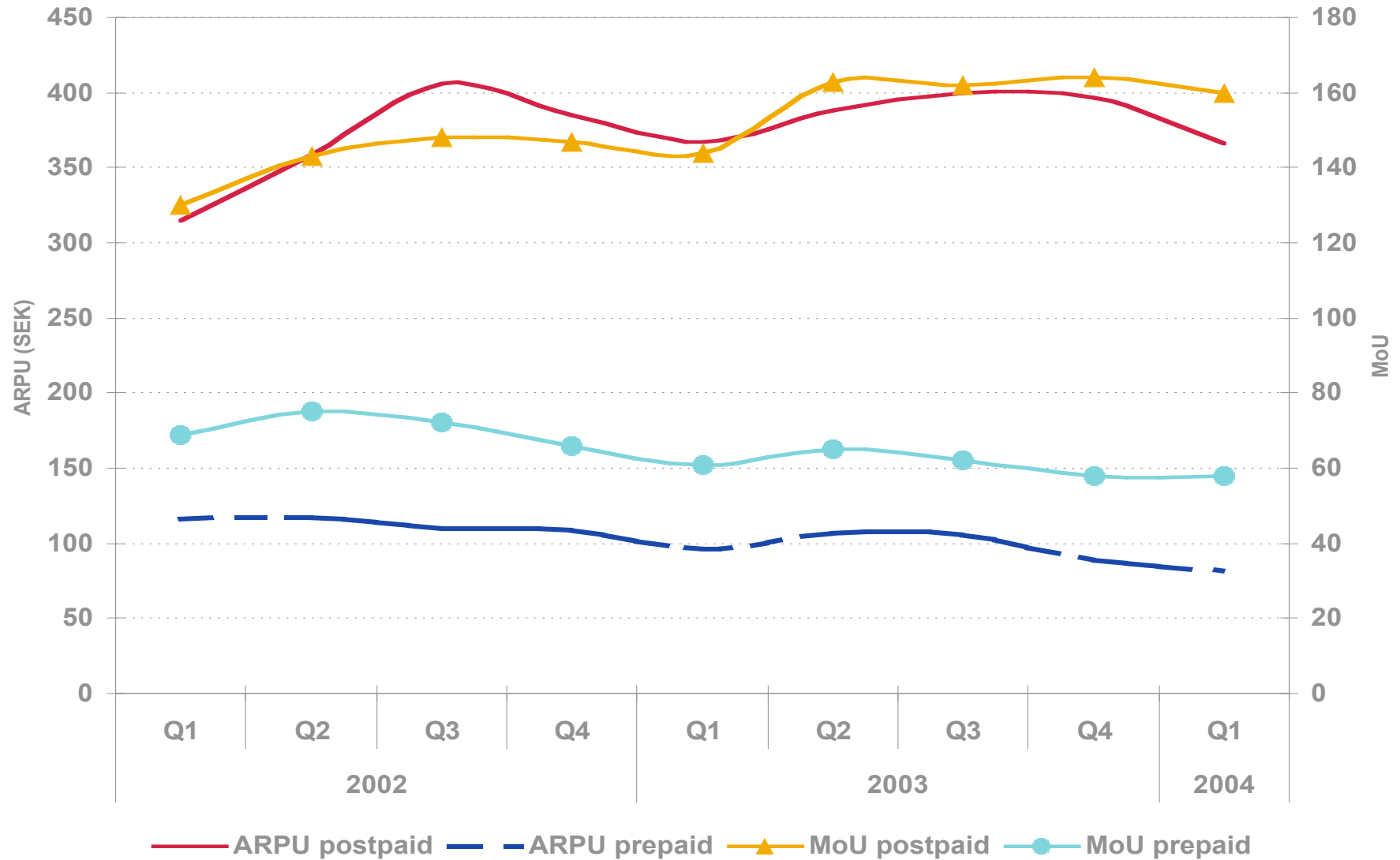
# Nordic Highlights



<i>(MSEK)</i>	Q1 2004	Q1 2003	% Change
Operating Revenue	<b>3,324</b>	<b>3,171</b>	<b>+5</b>
EBITDA	<b>976</b>	<b>1,019</b>	<b>-4</b>
EBIT	<b>757</b>	<b>790</b>	<b>-4</b>

- ⇒ Mobile customers in Sweden up 8% to 3.4 million
- ⇒ Despite high levels of competition in Sweden mobile margins remained steady while fixed and Internet margins rose
- ⇒ Successful launch of Wholesale Line Rental in Norway and MVNO in Norway also progressing well

# Tele2 Mobile in Sweden



## Baltic & Russia

<i>(MSEK)</i>	Q1 2004	Q1 2003	% Change
Operating Revenue	726	570	+27
EBITDA	226	217	+4
EBIT	91	139	-35

- ⇒ In Russia 8<sup>th</sup> GSM network launched during quarter with two more launches in April
- ⇒ Fixed line services launched in Lithuania in February
- ⇒ Mobile ARPU somewhat diluted by recent Russian mobile customer intake

# Central European Highlights



<i>(MSEK)</i>	Q1 2004	Q1 2003	% Change
Operating Revenue	1,157	722	+60
EBITDA	8	-92	-
EBIT	-35	-131	-

- ⇒ Record 635,000 net customers added in the quarter taking total to 4.1 million
- ⇒ Germany continues its strong development
- ⇒ EBITDA positive result for first time
- ⇒ Tele2 brand recognition in Poland above 50%
- ⇒ Tele2 now largest alternative operator in Poland and Czech Republic



# Southern European Highlights



<i>(MSEK)</i>	Q1 2004	Q1 2003	% Change
Operating Revenue	4,084	3,298	+24
EBITDA	187	296	-37
EBIT	138	248	-44

- ⇒ 39% annual increase in customers to 8.1 million, adding 662,000 customers in Q1
- ⇒ ARPU impacted by dilutive effect of dial-up internet customers
- ⇒ Commitment to ADSL-launch continued in Q1 2004
- ⇒ ADSL and UK launch are impacting margins

# Benelux Highlights



<i>(MSEK)</i>	Q1 2004	Q1 2003	% Change
Operating Revenue	<b>1,042</b>	<b>818</b>	<b>+27</b>
EBITDA	<b>114</b>	<b>30</b>	<b>+280</b>
EBIT	<b>81</b>	<b>-8</b>	<b>-</b>

⇒ Belgium makes a difference

- Rollout of fixed line services throughout Belgium is driving revenues and customer intake

# Outlook



- ⇒ Focus continues to be on Growth
- ⇒ Emerging Markets looks increasingly interesting
- ⇒ New services and cross-selling helps reduce churn

*"It remains our objective to maintain this balance between customer growth, profitability and cash flow generation."*



**TELE2**



**Håkan Zadler**



Tele2 Group's 20 millionth customer



**CFO**



**TELE2**



**Financial Highlight**



# Growth, Profitability, Cash Flow – it's there



	Q1 2004	Difference to Q1 2003	
Revenues (MSEK)	10,379	+1,763	+20%
EBITDA (MSEK)	1,522	+42	+3%
Operating cash flow (MSEK)	1,629	+253	+18%
Customer Net Additions (million)	1,568	+658	+72%

# Consolidated Cash Flow



(MSEK)	2004 Q1	2003 Q1	2004 Q1	2003 Q4	2003 Q3	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 Q2	2002 Q1
Cash flow from operations	1,421	1,318	1,421	896	1,488	1,360	1,318	1,408	1,250	1,060	846
Changes in working capital	208	58	208	498	218	138	58	-154	-5	27	-67
<b>Cash flow provided by operating activities</b>	<b>1,629</b>	<b>1,376</b>	<b>1,629</b>	<b>1,394</b>	<b>1,706</b>	<b>1,498</b>	<b>1,376</b>	<b>1,254</b>	<b>1,245</b>	<b>1,087</b>	<b>779</b>
CAPEX	-396	-433	-396	-483	-424	-550	-433	-526	-418	-415	-531
Other investing activities	-22	-571	-22	-75	-37	17	-571	-5	5	-602	-24
<b>Cash flow after investing activities</b>	<b>1,211</b>	<b>372</b>	<b>1,211</b>	<b>836</b>	<b>1,245</b>	<b>965</b>	<b>372</b>	<b>723</b>	<b>832</b>	<b>70</b>	<b>224</b>
Financing activities	116	263	116	-1,471	-1,052	-680	263	-799	-375	-196	-28
<b>Net change in cash</b>	<b>1,327</b>	<b>635</b>	<b>1,327</b>	<b>-635</b>	<b>193</b>	<b>285</b>	<b>635</b>	<b>-76</b>	<b>457</b>	<b>-126</b>	<b>196</b>
Cash at beginning of period	2,773	2,473	2,773	3,386	3,339	3,014	2,473	2,600	2,135	2,388	2,275
Exchange difference in cash	94	-94	94	22	-146	40	-94	-51	8	-127	-83
Cash at end of period	4,194	3,014	4,194	2,773	3,386	3,339	3,014	2,473	2,600	2,135	2,388

# Net Debt



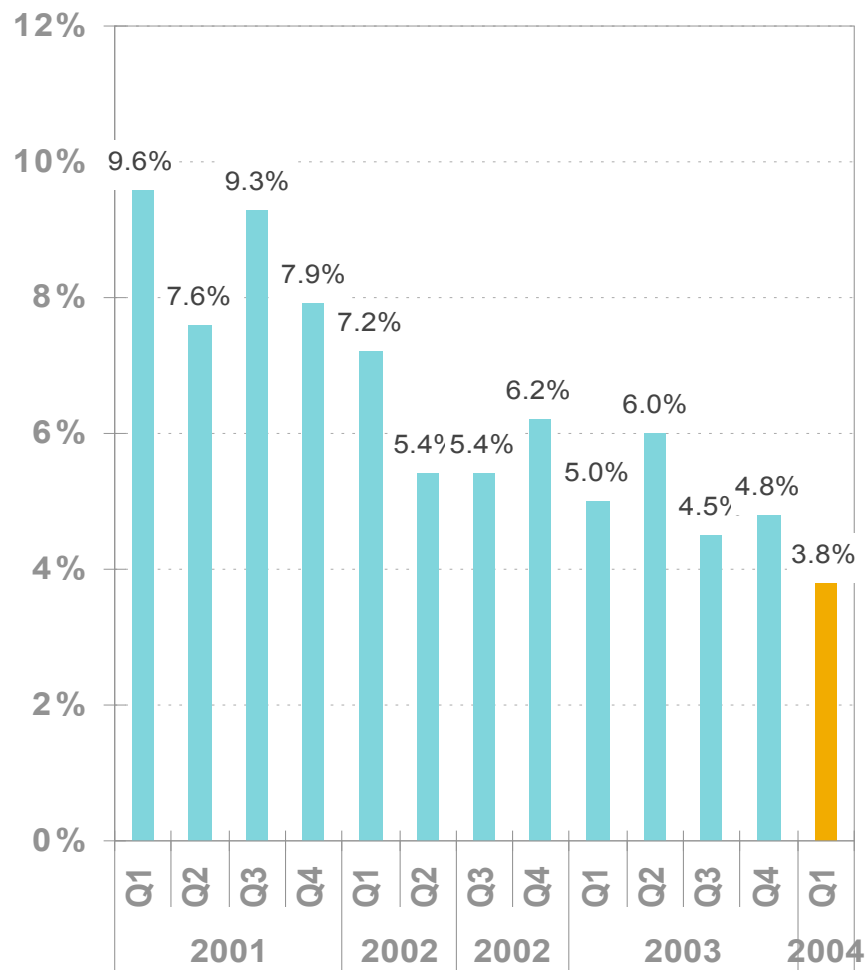
### NET DEBT TO EBITDA



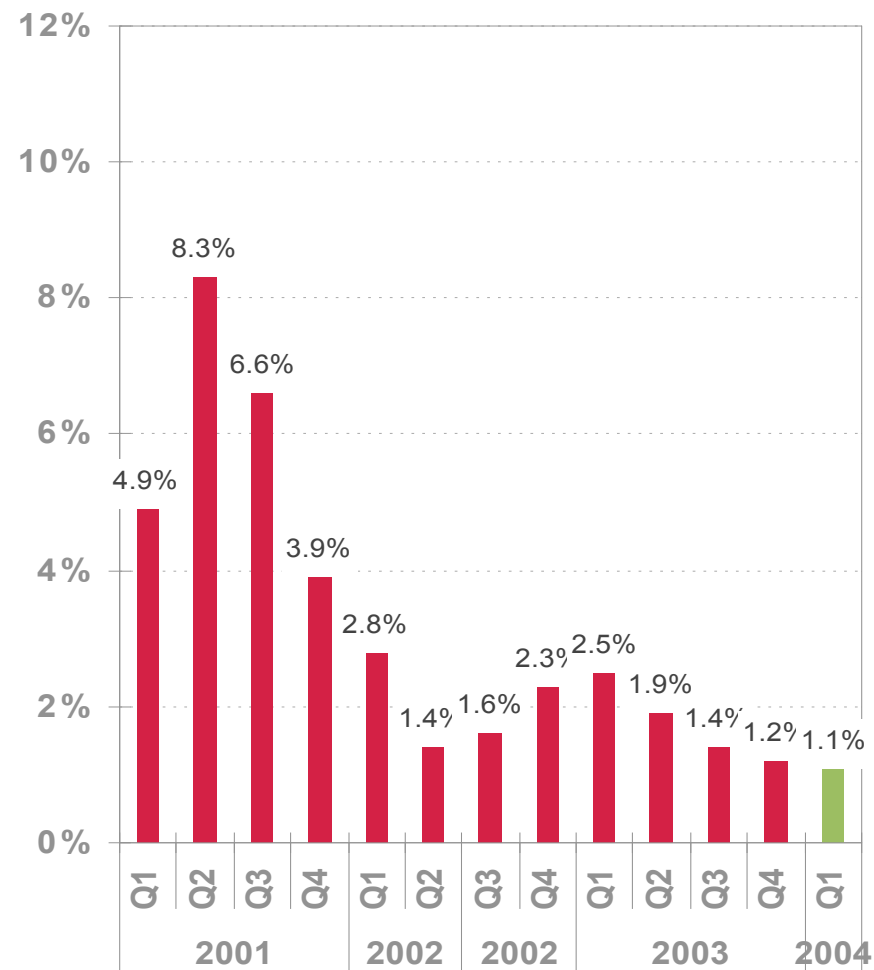
# Capex to Sales



CAPEX TO SALES - GROUP



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Best year ever. Still hungry...



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