

**Q1 2005**  
**Financial Report**

Lars-Johan Jarnheimer  
President and CEO

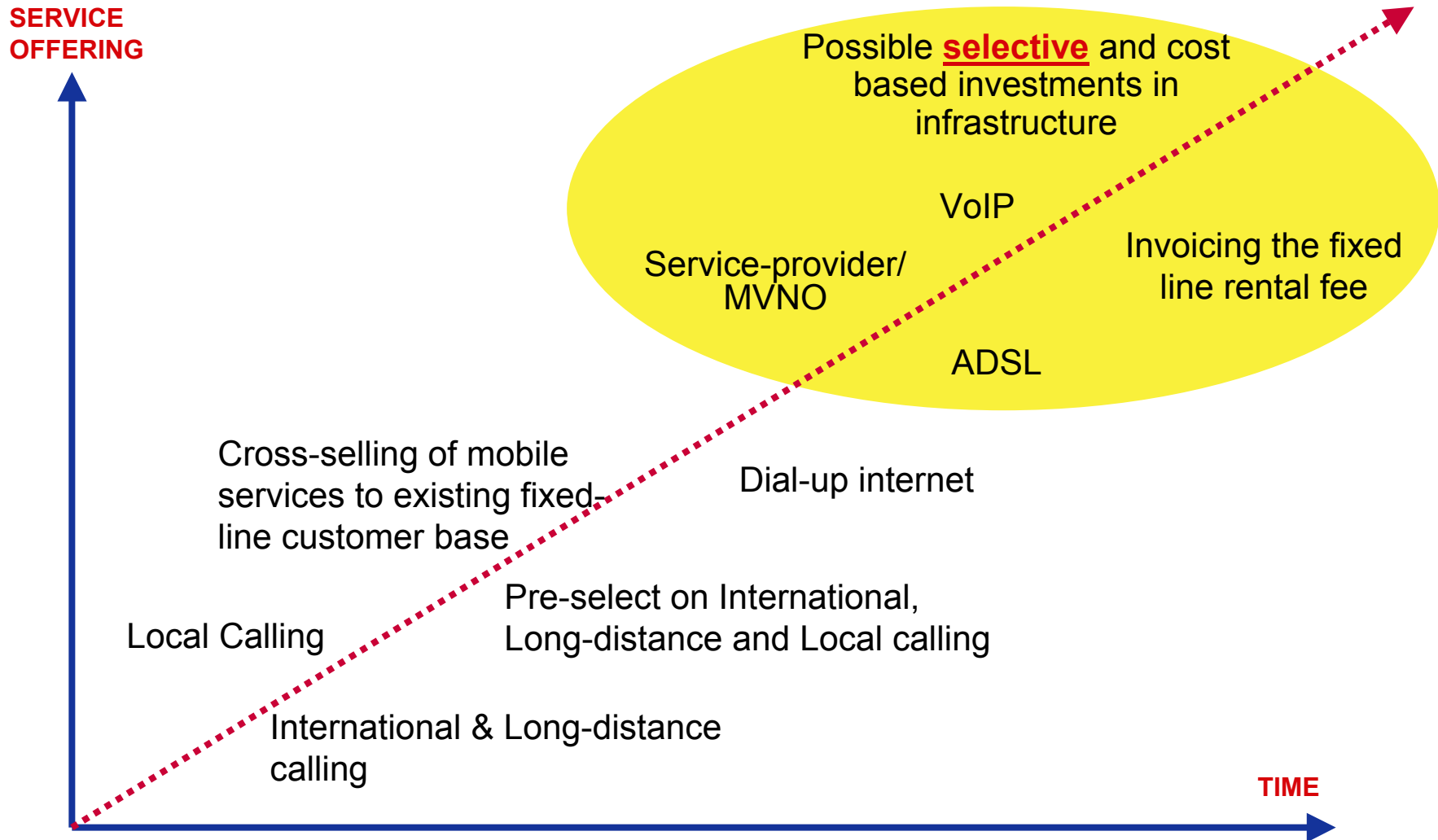


## Overview

	Q1 2005	Difference to Q1 2004	
Revenues (MSEK)	11,579	+1,200	+12%
EBITDA (MSEK)	1,414	-111	-7%
Customer Net Additions (thousands)	901	-667	-43%

- Stable underlying profitability and cash flow development, but slower growth
- Focus remains on long-term growth opportunities and cash flow
- We will strengthen our product offering in France:
  - Letter of intent signed in April with Neuf Telecom for ADSL cooperation
  - MVNO deal with Orange in France in April
- UTA and Tiscali integrations completed
- With the "Monopoly Challenger" report, we continue to fight for a fairer telecoms regulation

# Resale service offering development



## ADSL – we are active now

**ADSL : BASIS**

**19,95€** / MAAND

>>> 512/256 Kb/s

**ADSL : PLUS**

**24,95€** / MAAND

>>> 1024/352 Kb/s

**ADSL : SUPER**

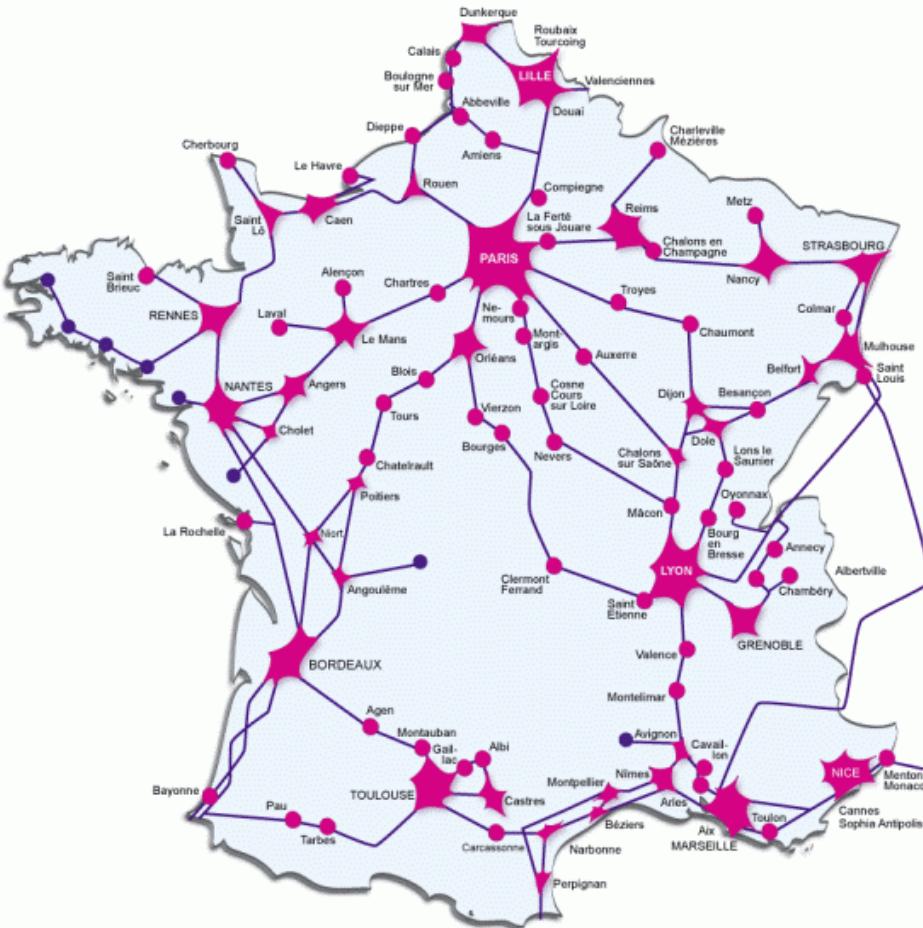
**29,95€** / MAAND

>>> 2048/416 Kb/s

- Tele2 is already active in the ADSL and VoIP market
- We offer ADSL in **9 countries** – more than any other operator in Europe and the number will grow
- We have **over 600,000** ADSL customers
- The cost for growing our ADSL customer base will increase
- The ADSL business model is complex – different solutions for each country
- Wholesale or build? Risk of ADSL build-boom
- Tele2 is not a static inflexible organisation – we evolve and adapt

# ADSL – Agreement with Neuf Telecom

Neuf Telecom's Network



 Unbundled Areas    
  Network

- The Salami principle at work!
- Tele2 France, high brand awareness with strong position in fixed line and ADSL market
- Long term Letter of Intent on favorable terms gives us access today to:
  - 22,000 kms of fibre
  - 830,000 ULL's
  - ADSL access network reaching 60% of population
- Upfront payment of €35m – additional €27m in 3 years
- **Great opportunity for Tele2**

## The Monopoly Challenger

### Europe's regulatory situation – not yet satisfactory

- Countries are delaying the introduction of the new framework
  - unclear legal transitory situation and opportunity for former monopolists to maintain and increase market shares
- Former monopolists continue to abuse their dominant positions
  - higher prices for consumers and businesses
- Deregulation is not finished

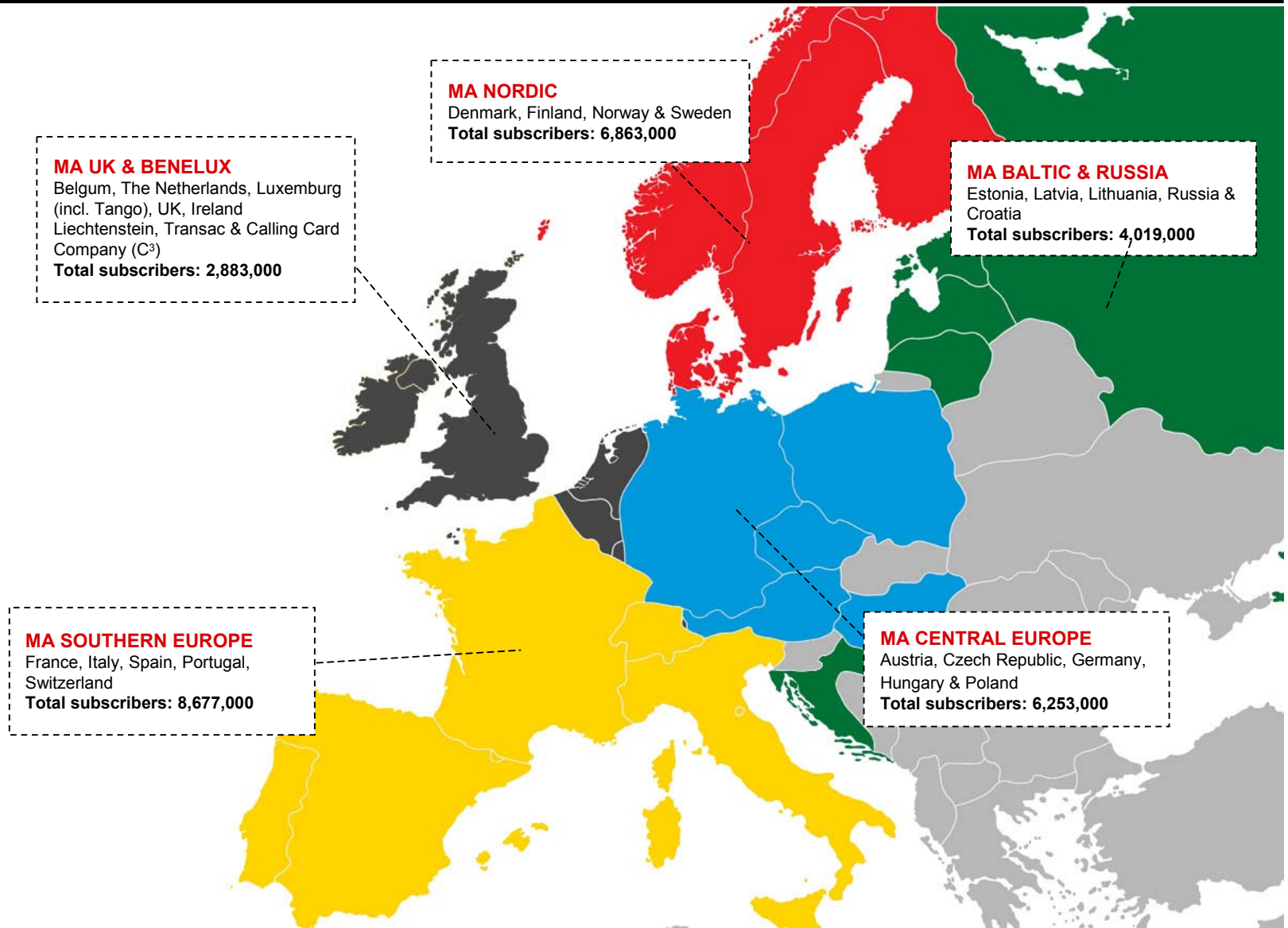
#### Competition:



#### No competition:



# 28.7 million customers in 25 countries



## Nordic

- Some 300,000 customers have chosen fixed subscription offering in Sweden
- Sw Mobile: good intake and stable margins. “Comviq Knock-out” very successful
- Tiscali Denmark acquired and fully integrated

### MA NORDIC Denmark, Finland, Norway & Sweden

MSEK	Q1 2005	Q1 2004	
<b>Operating revenue</b>	3,481	3,324	+5 %
<b>EBITDA</b>	723	979	-26 %
<b>Net intake ('000)</b>	0	-30	



## Baltic & Russia

- Mobile number portability introduced in Estonia – beneficial to Tele2
- Build out of Croatian mobile network has begun
- Over 1 million customers in Lithuania

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

MSEK	Q1 2005	Q1 2004	
<b>Operating revenue</b>	844	726	+16 %
<b>EBITDA</b>	224	226	-1 %
<b>Net intake ('000)</b>	311	148	

## Central Europe

- Continued strong growth and improved profitability
- Germany and Hungary are the prime drivers
- Integration of UTA with Tele2 completed in Austria



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

MSEK	Q1 2005	Q1 2004	
<b>Operating revenue</b>	2,008	1,157	+74%
<b>EBITDA</b>	86	8	+975%
<b>Net intake ('000)</b>	360	635	

## Southern Europe

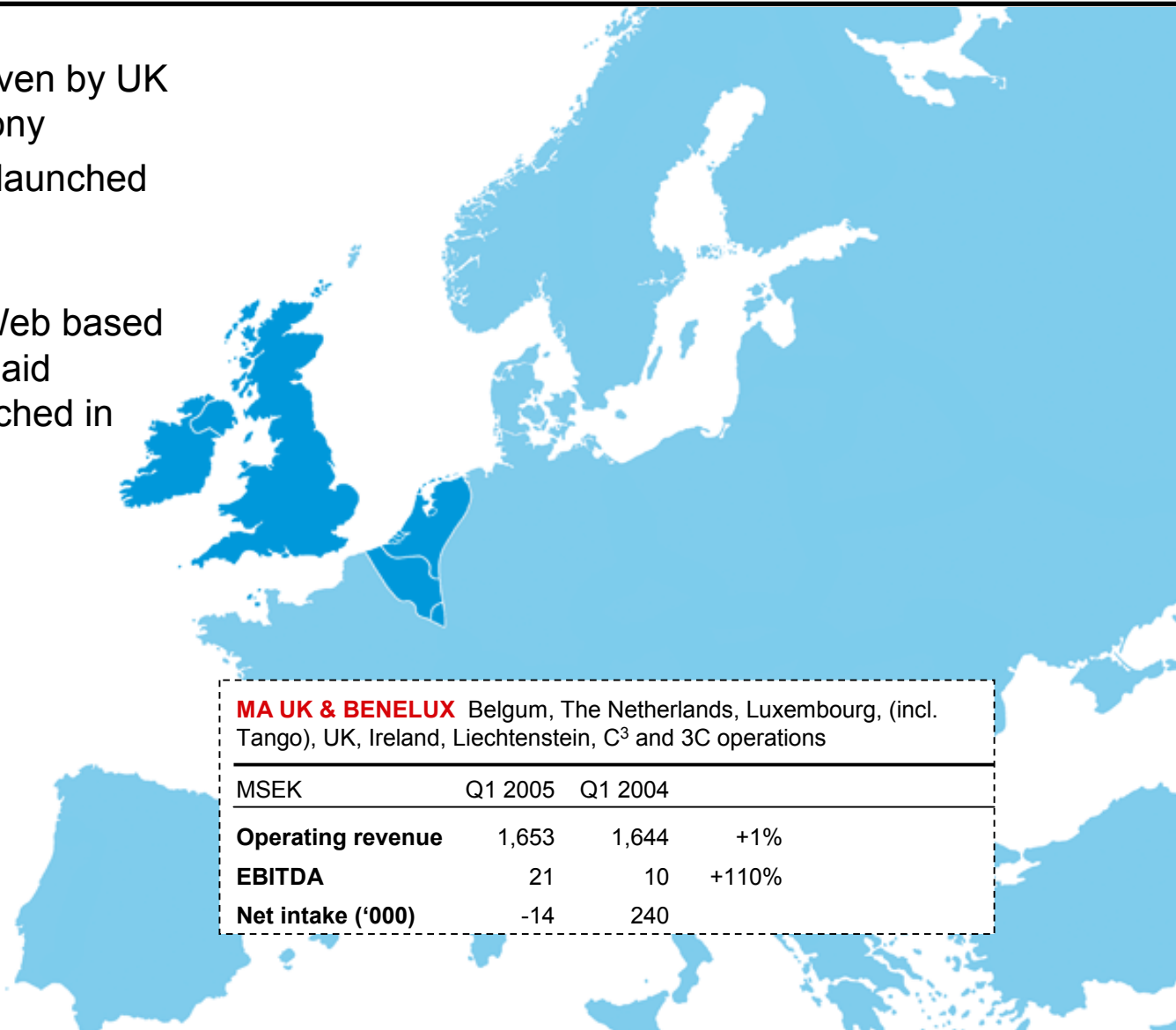
- MVNO agreement signed in France with Orange
- Letter of intent signed with Neuf Telecom to use its ULL network in France
- GSM build out in Zurich has commenced

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

MSEK	Q1 2005	Q1 2004	
<b>Operating revenue</b>	3,556	3,503	+2 %
<b>EBITDA</b>	349	293	+19%
<b>Net intake ('000)</b>	168	575	

## UK & BENELUX

- Revenue driven by UK fixed telephony
- TV over 3G launched in Tango in Luxembourg
- ADSL and Web based mobile per-paid service launched in Netherlands



**MA UK & BENELUX** Belgium, The Netherlands, Luxembourg, (incl. Tango), UK, Ireland, Liechtenstein, C<sup>3</sup> and 3C operations

MSEK	Q1 2005	Q1 2004	
<b>Operating revenue</b>	1,653	1,644	+1%
<b>EBITDA</b>	21	10	+110%
<b>Net intake ('000)</b>	-14	240	

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## Many growth opportunities

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We will not sit back – we are proactive

### Announced launches:

- Croatia – GSM/UMTS launch planned for 2005
- Turkey – fixed license and launch planned Summer 2005 (population 70 million inhabitants)
- MVNO in France

### Opportunities:

- ADSL
- Wholesale Line Rental
- New possible countries – 11 countries left in Europe
- MVNOs in Europe still high on agenda
- Russia – Further mobile licences

## Mission & Values

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**OUR MISSION** Cheap and simple  
telecom for all Europeans

**THIS CHARACTERIZES OUR WORK...**

- Flexibility
- Openness
- Cost consciousness

**...AND WE ACHIEVE IT BY**

- Copying with pride
- Challenging
- Acting

# Financial Highlights

Håkan Zadler  
CFO



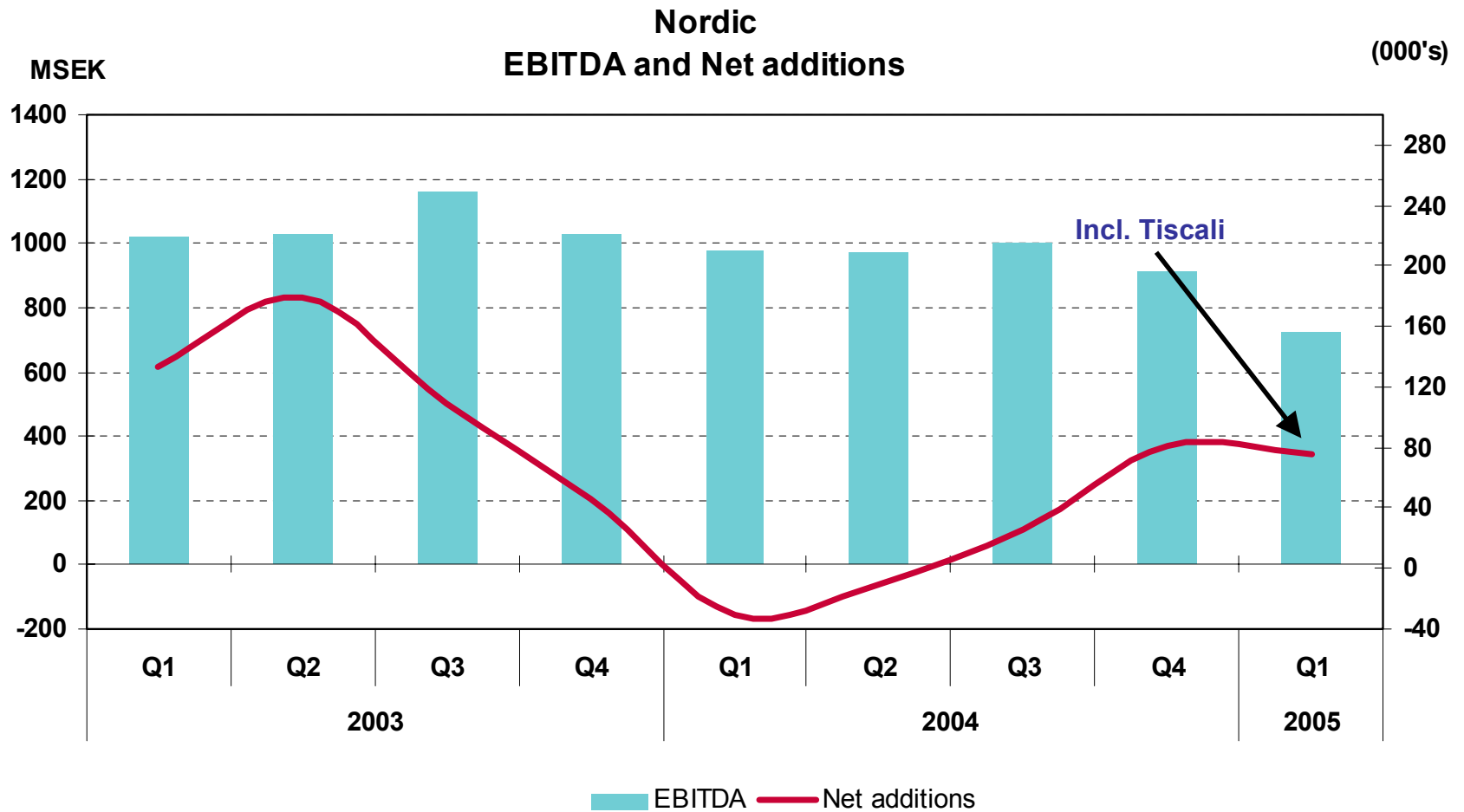
## Financial overview for Q1 2005

- Continued growth in all markets
- Revenue growth of 12% in Q1
- Impact on EBITDA in Q1 from UMTS JV, selling fixed fee in Sweden & UTA was MSEK 185
- Swedish mobile underlying margin sequentially stable

	Q1 2005	Difference to Q1 2004	
Revenues (MSEK)	11,579	+1,200	+12%
EBITDA (MSEK)	1,414	-111	-7%
EBITDA less CAPEX (MSEK)	790	-339	-30%
Customer Net Additions (thousands)	901	-667	-43%

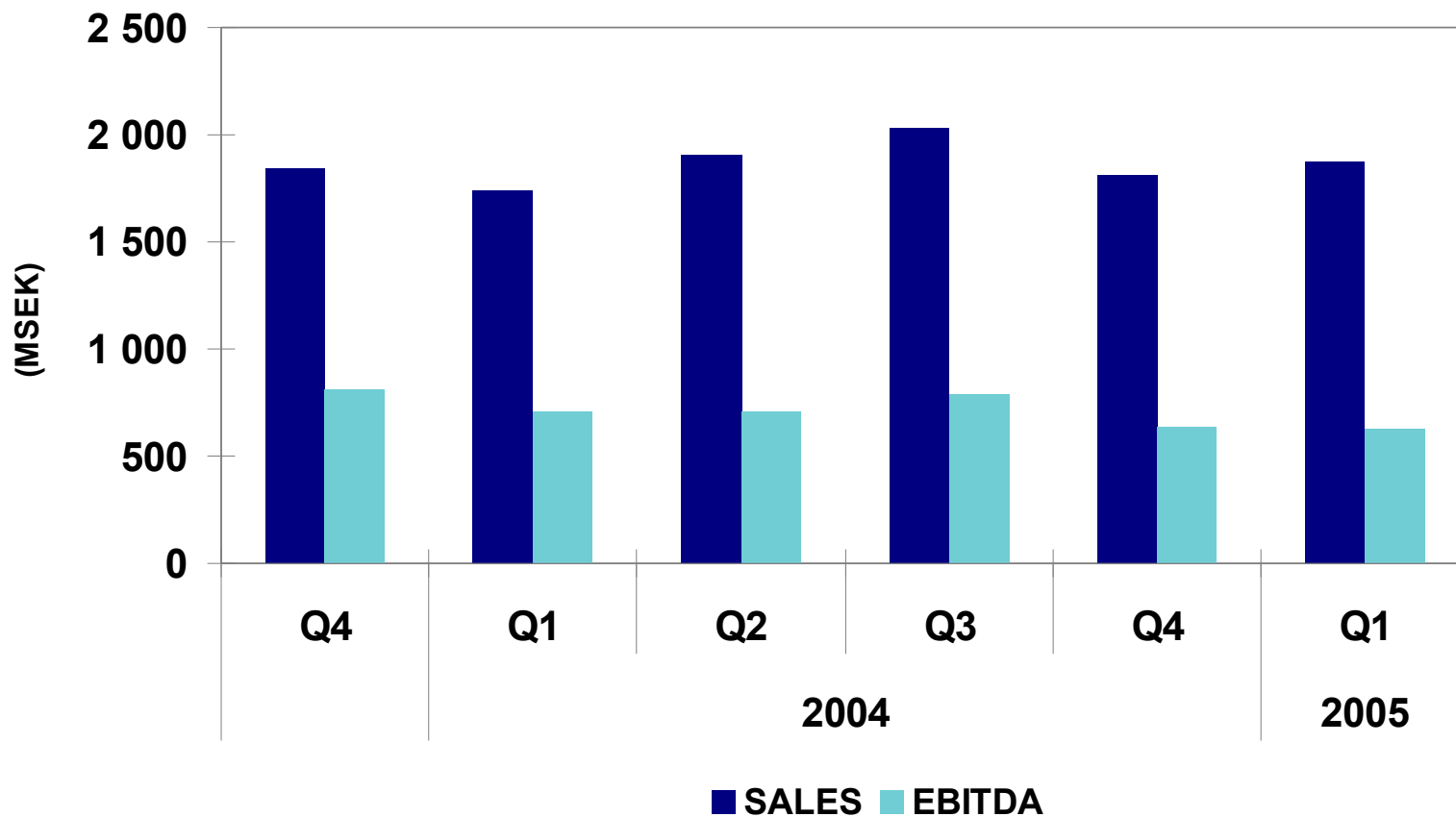


# Nordic



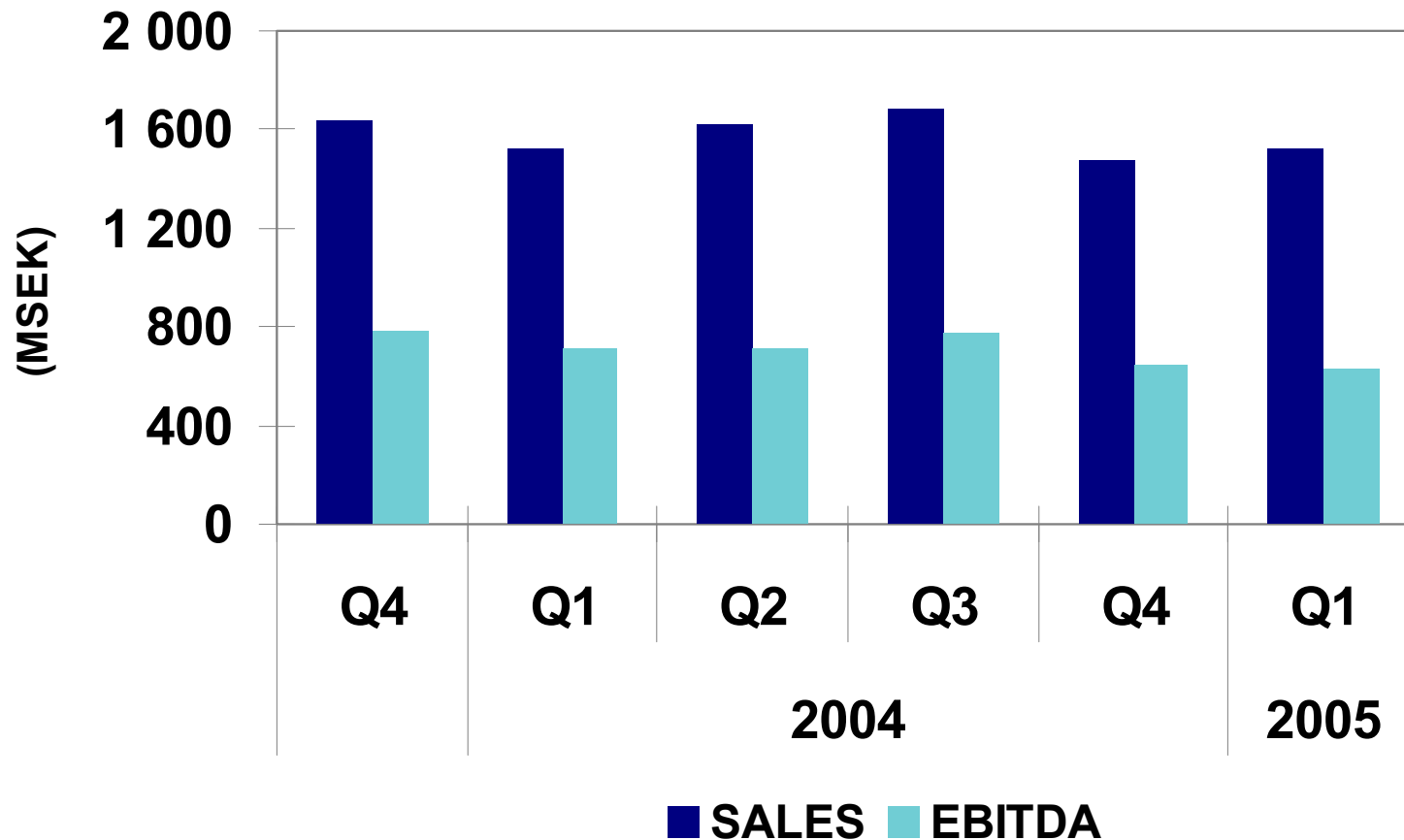
## Nordic Mobile

### Sales and EBITDA



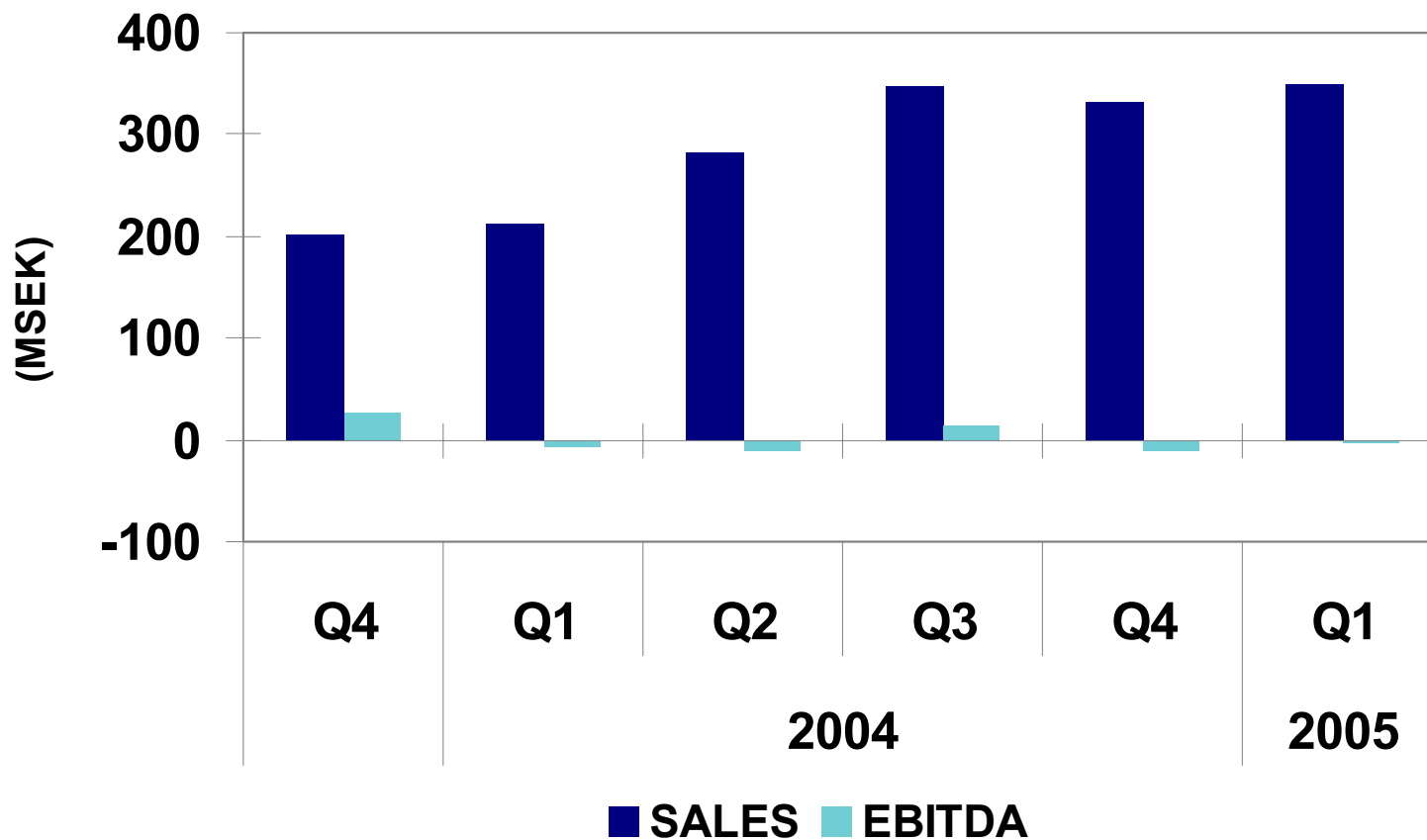
**Sweden Mobile**

**Sales and EBITDA**



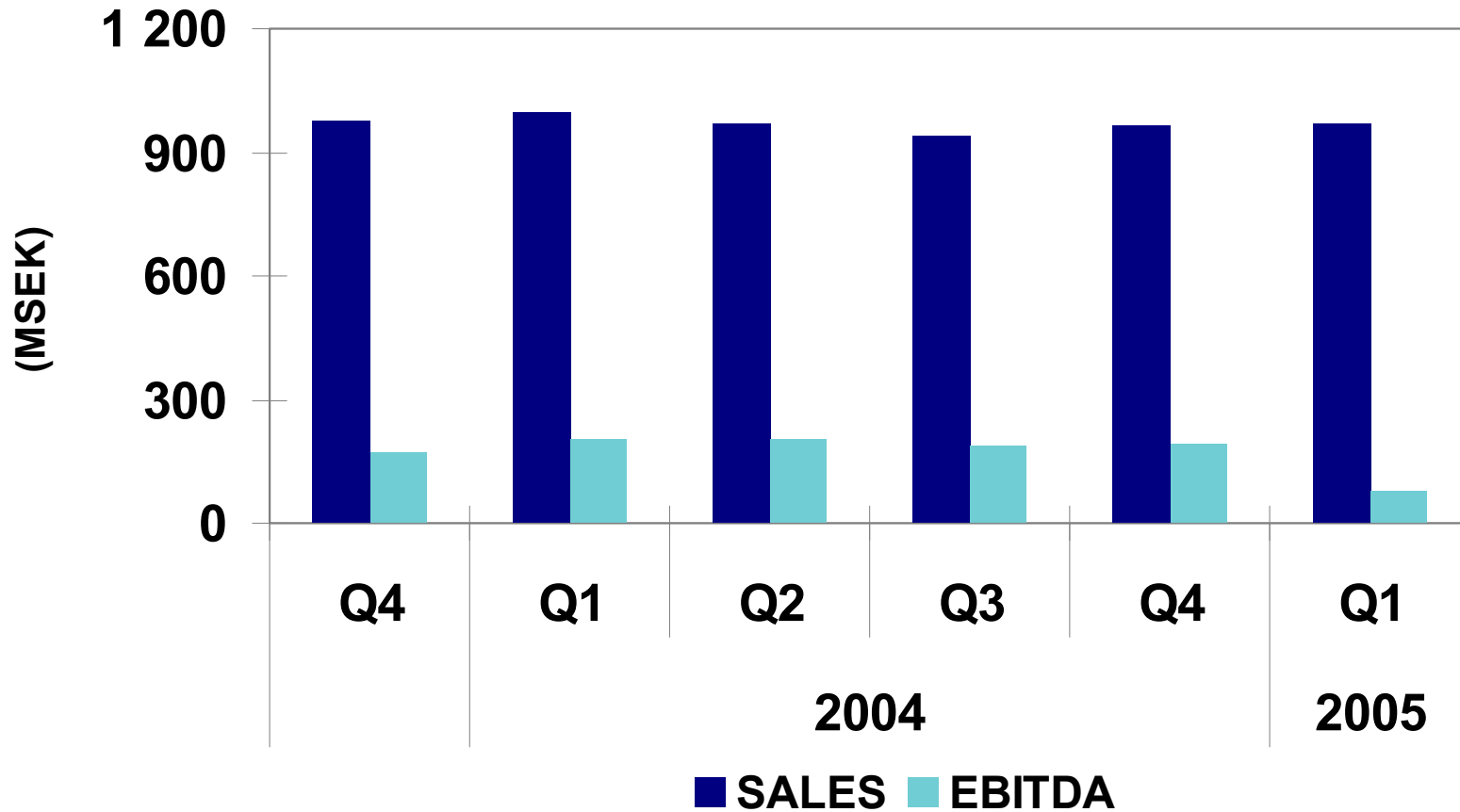
**Nordic Mobile excl. Sweden**

**Sales and EBITDA**



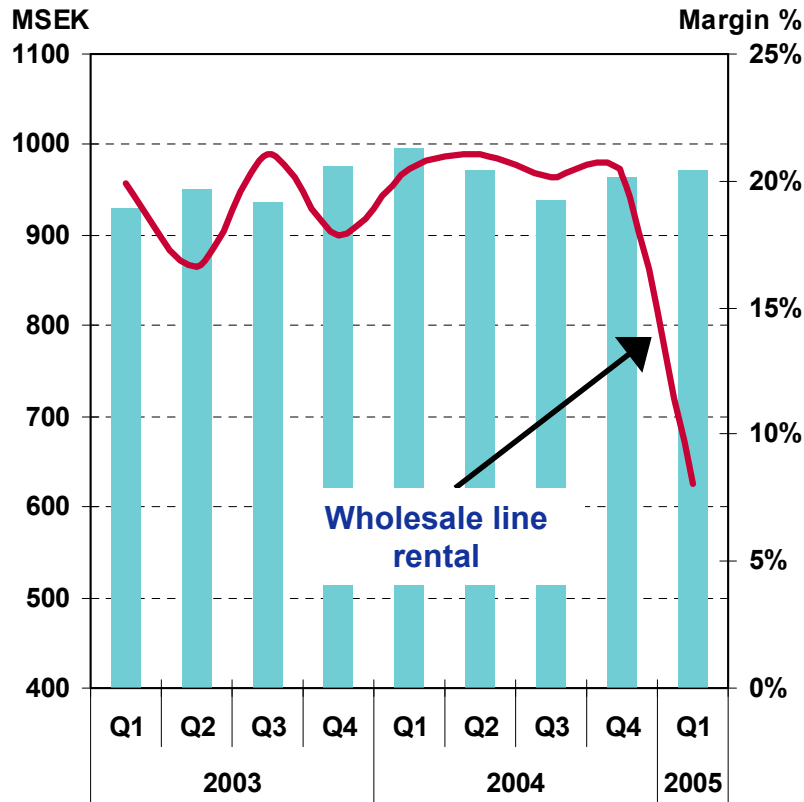
**Sweden Fixed Telephony & Internet**

**Sales and EBITDA**



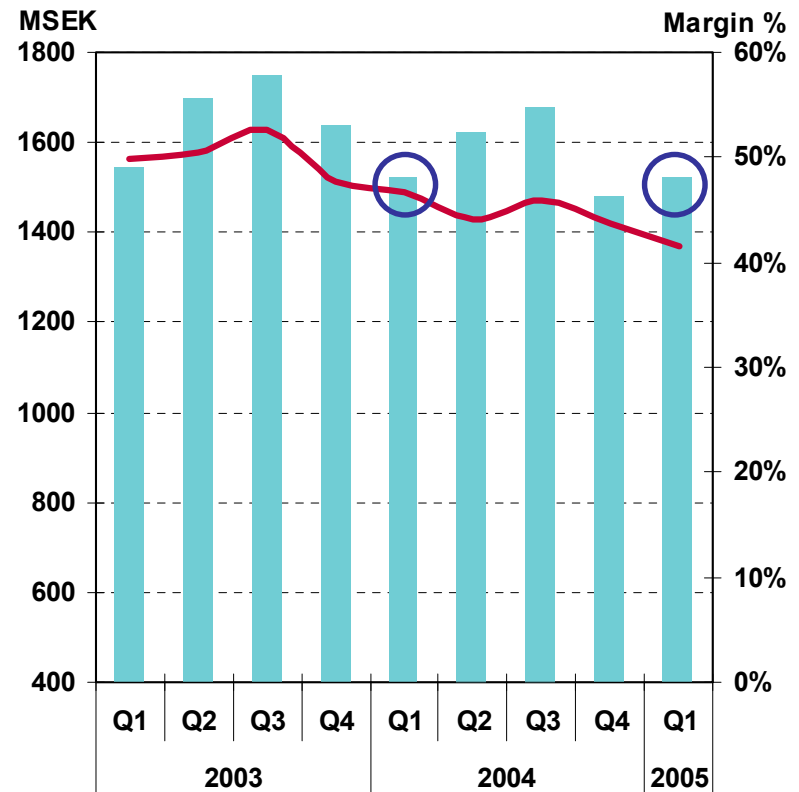
# Sweden

## Sweden Fixed line



■ Sales Fixed — EBITDA % fixed

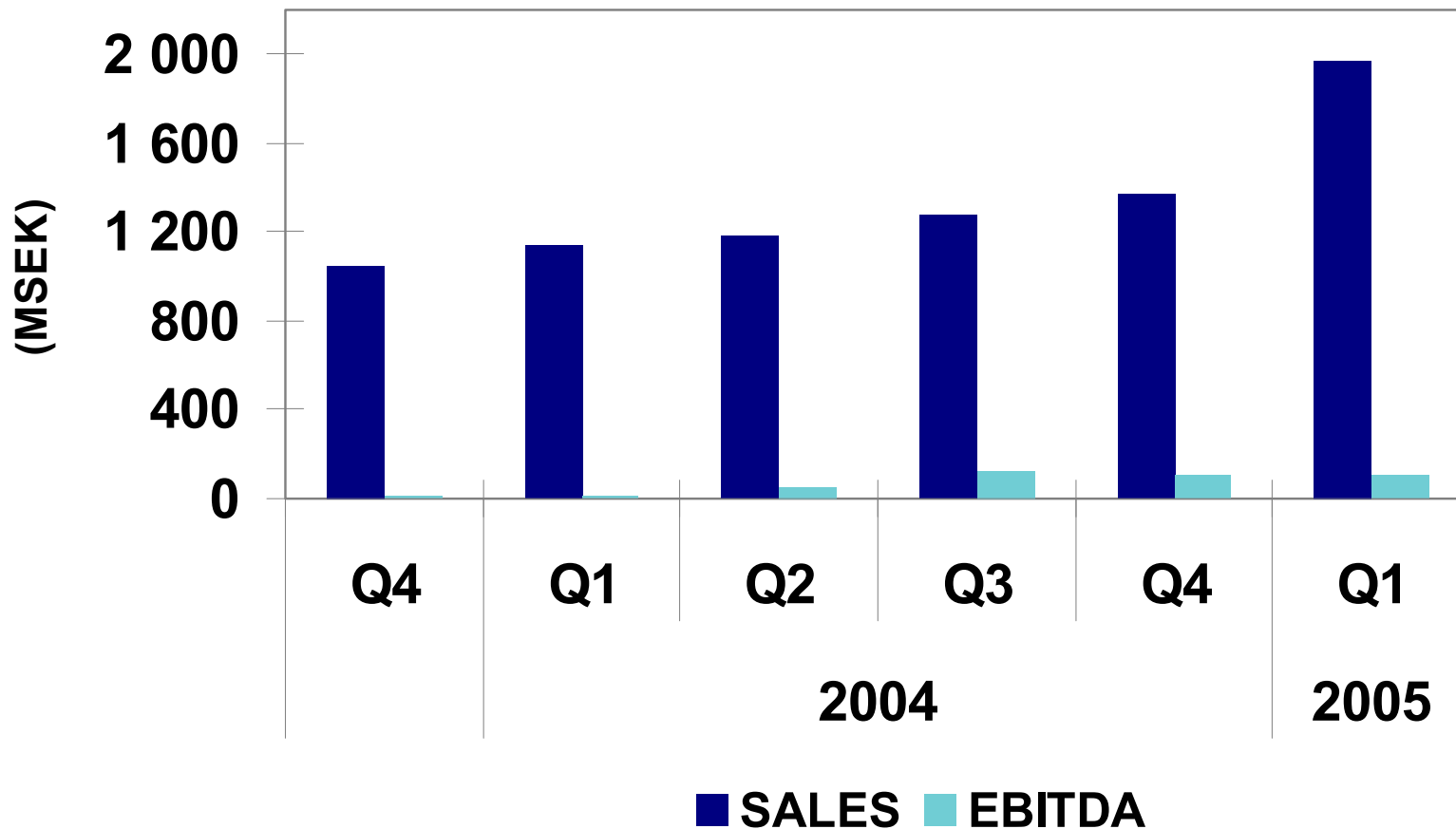
## Sweden Mobile



■ Sales Mobile — EBITDA % mobile

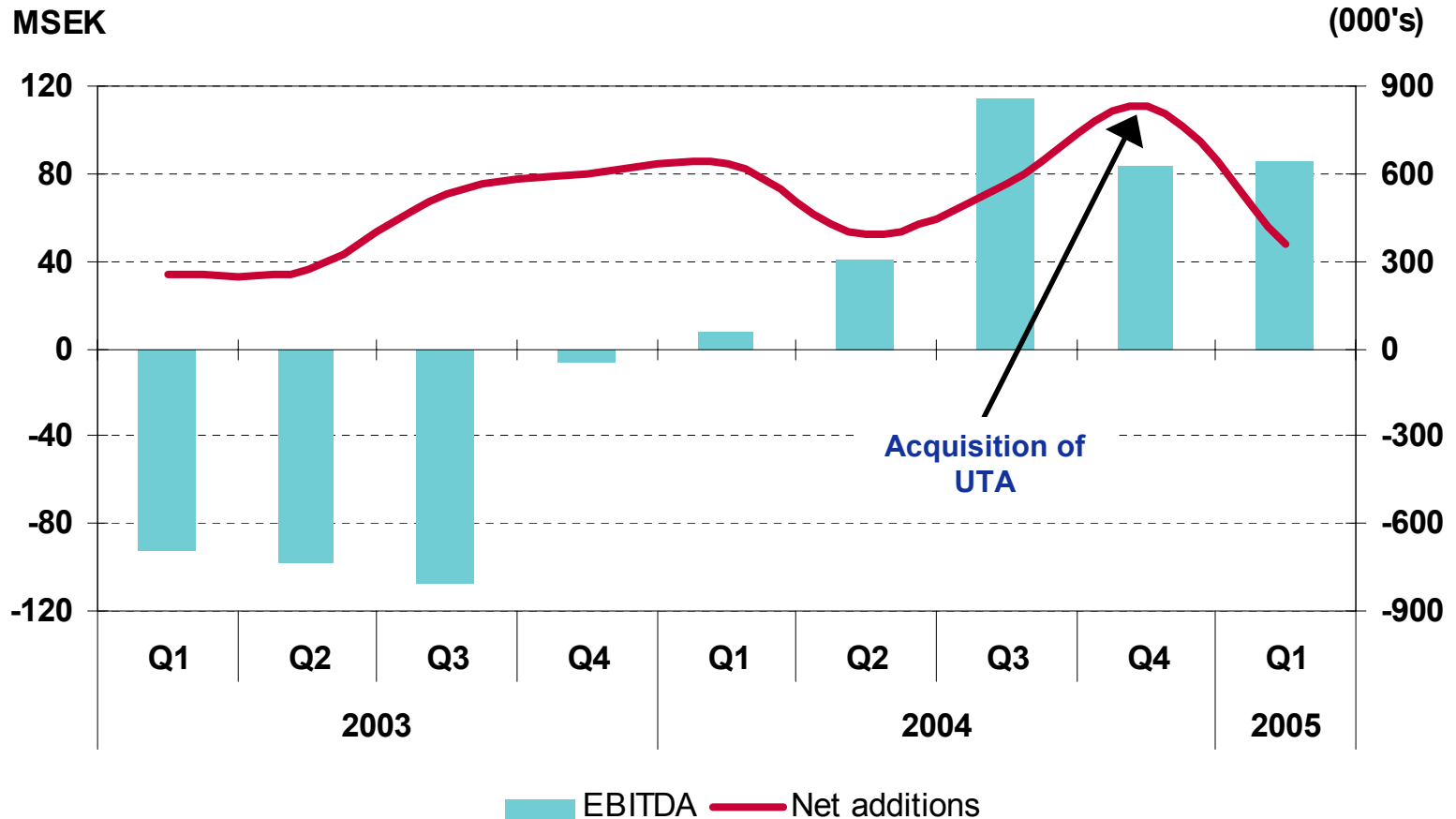
**Central Europe Fixed Telephony & Internet**

**Sales and EBITDA**



# Central Europe

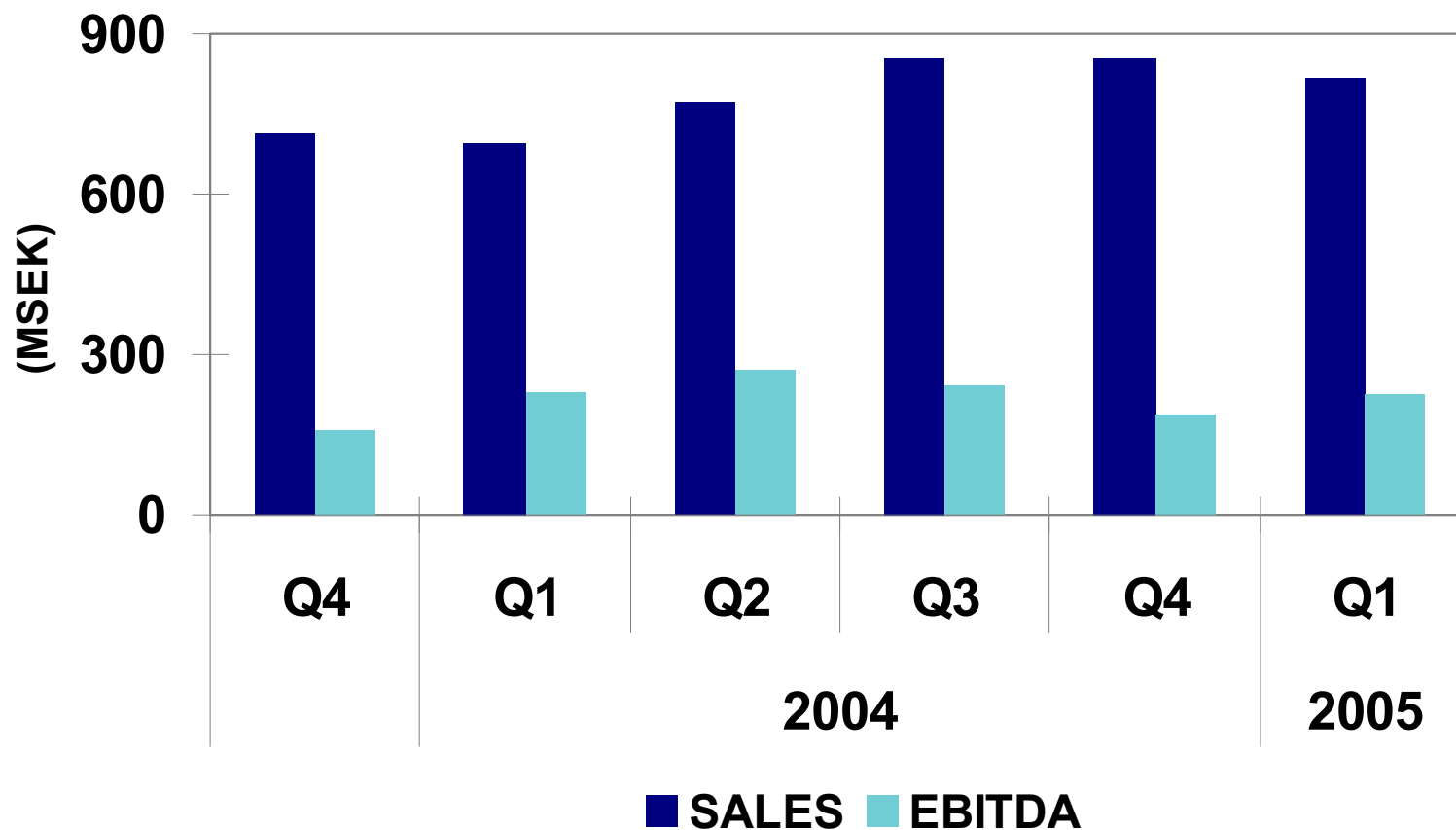
## CENTRAL EUROPE EBITDA and Net additions





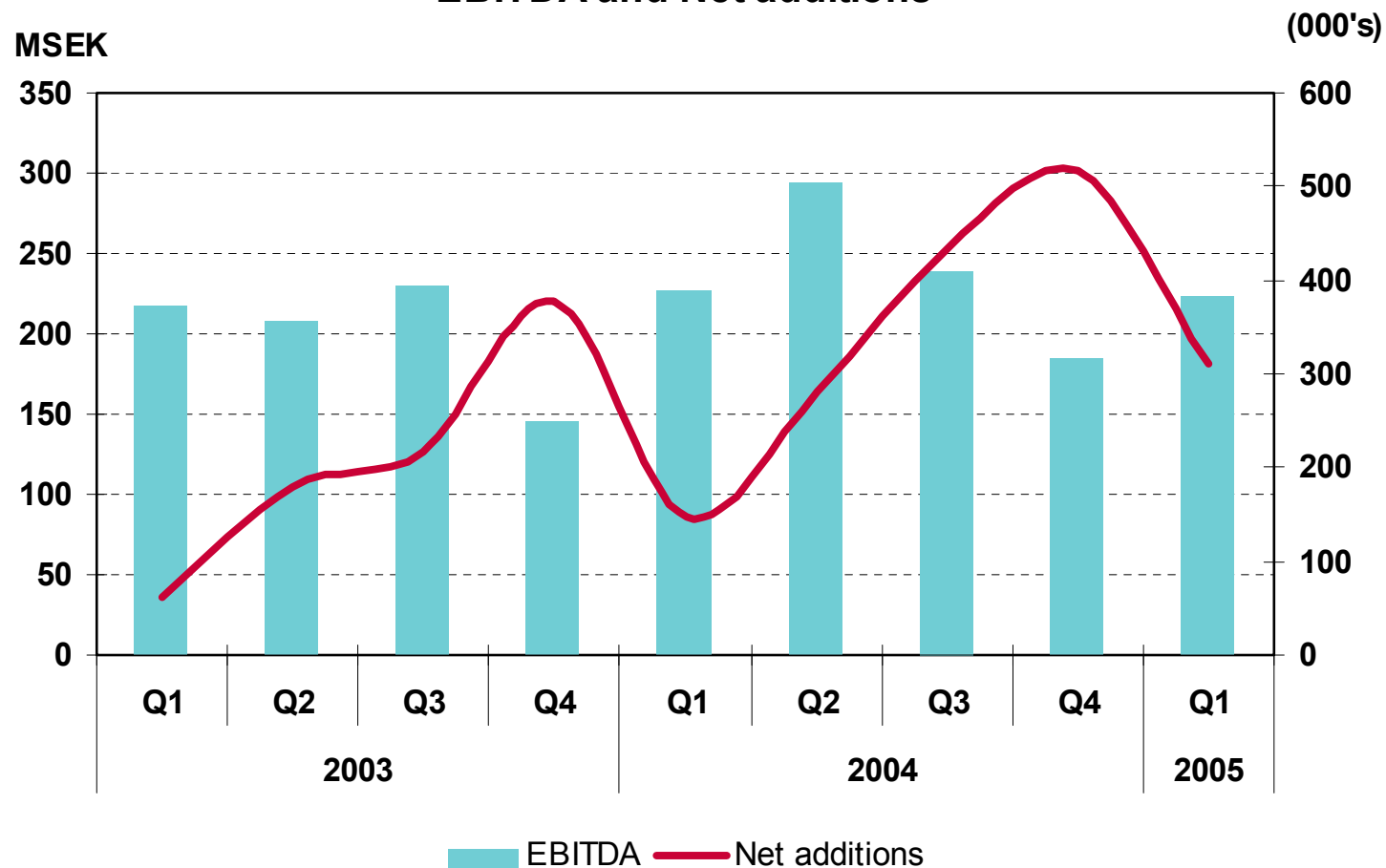
**Baltic & Russia**

**Sales and EBITDA**



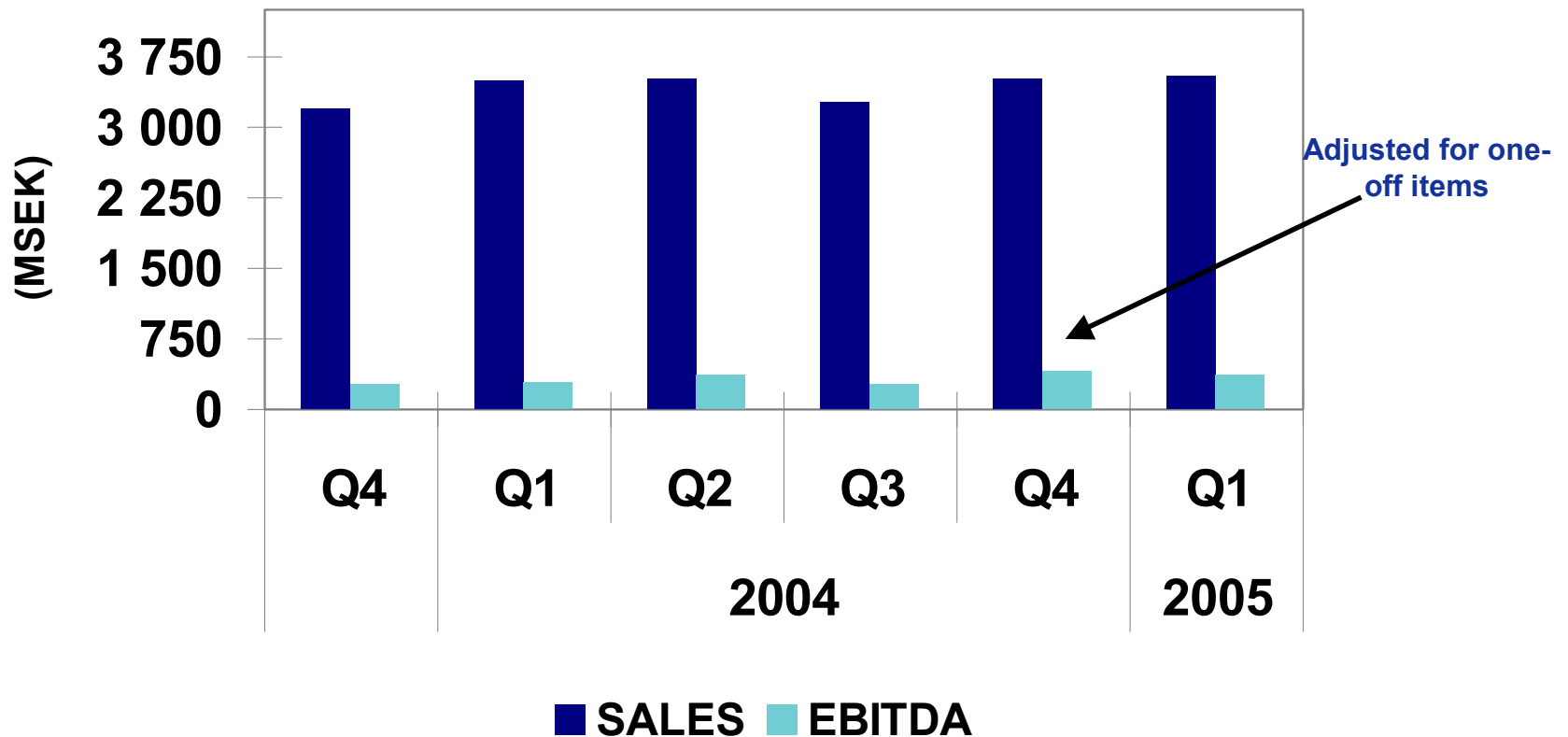
# Baltic & Russia

## EBITDA and Net additions



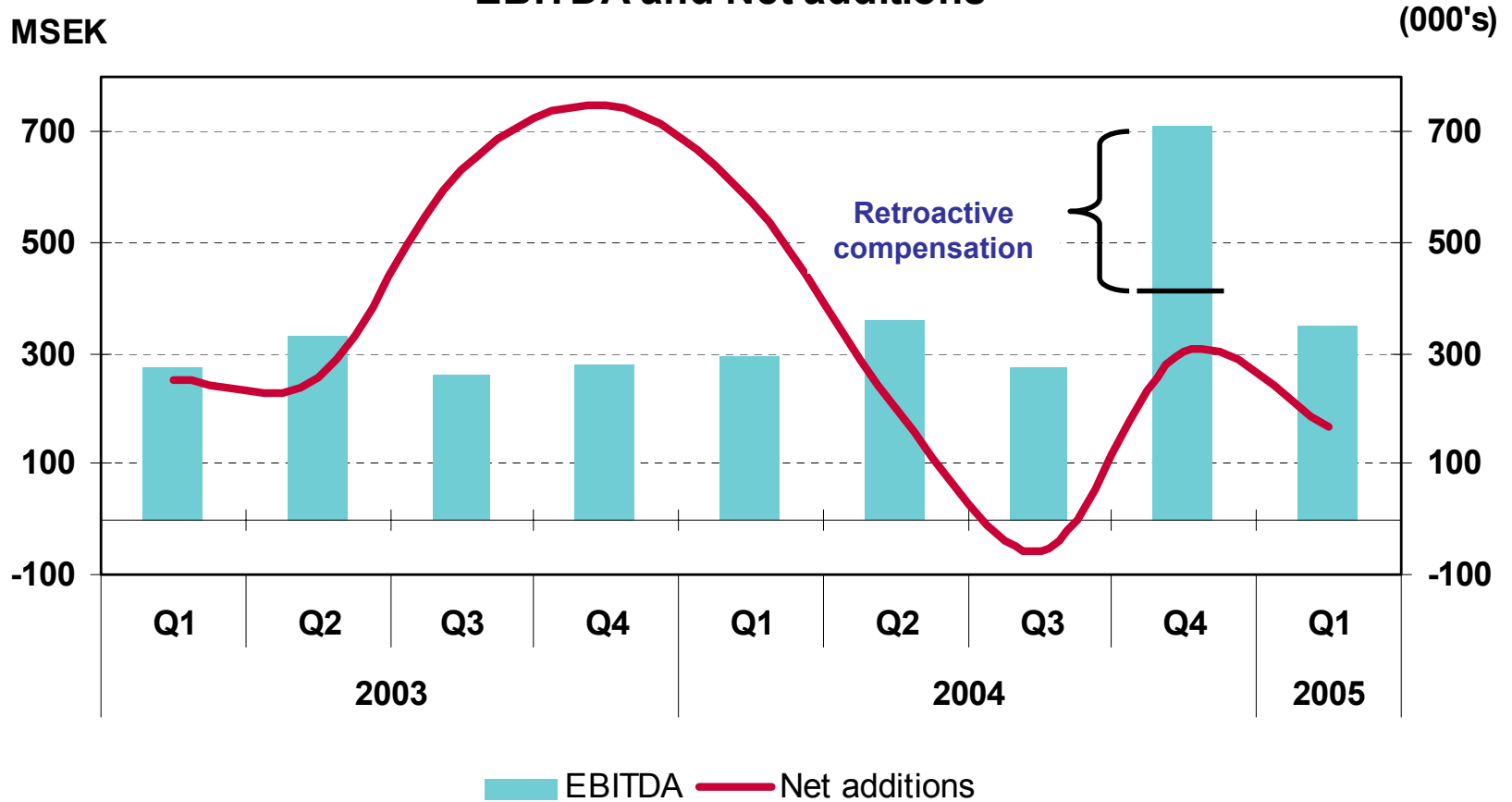
## Southern Europe Fixed Telephony & Internet

### Sales and EBITDA



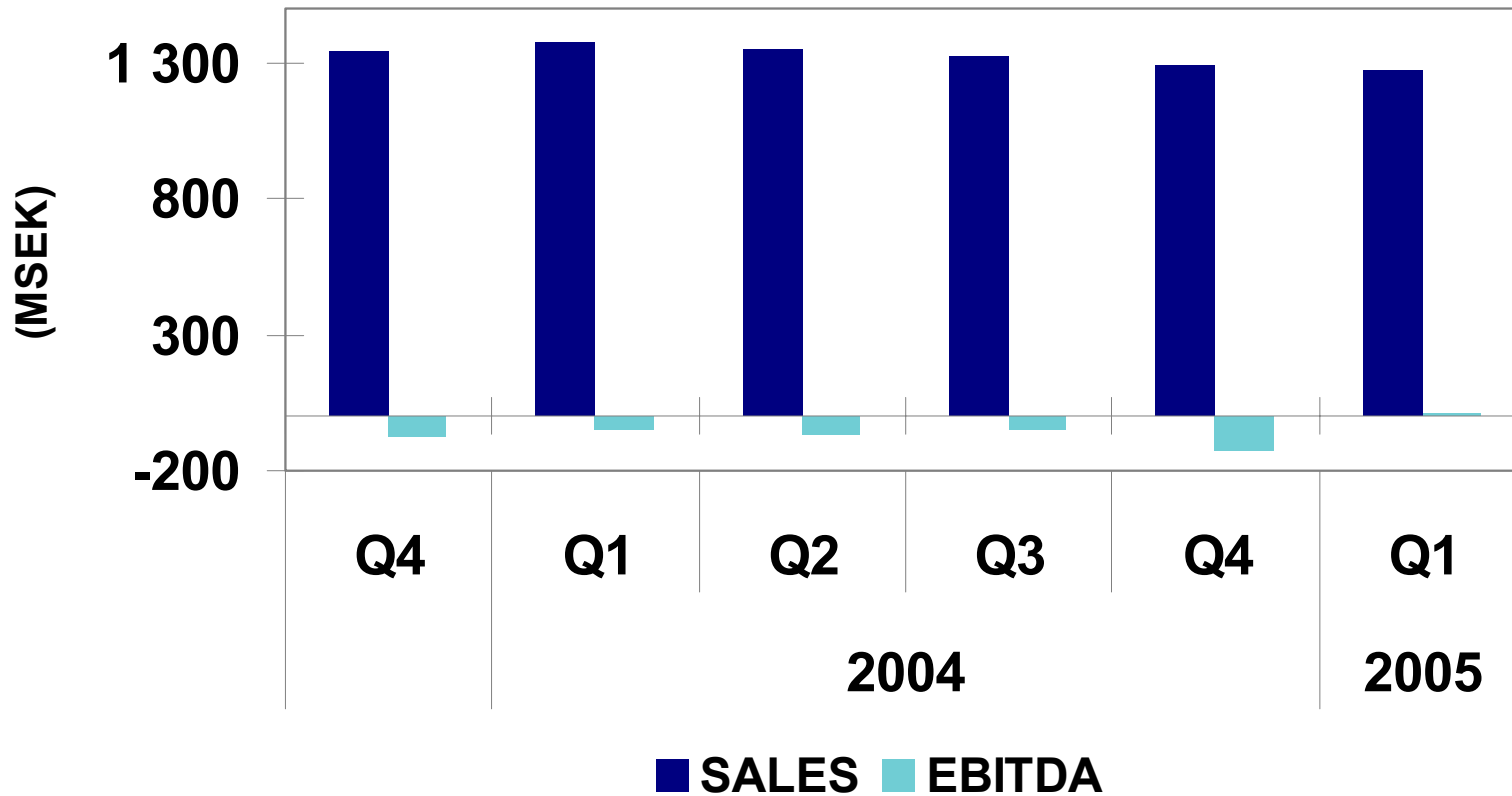
**Southern Europe**

**SOUTHERN EUROPE  
EBITDA and Net additions**



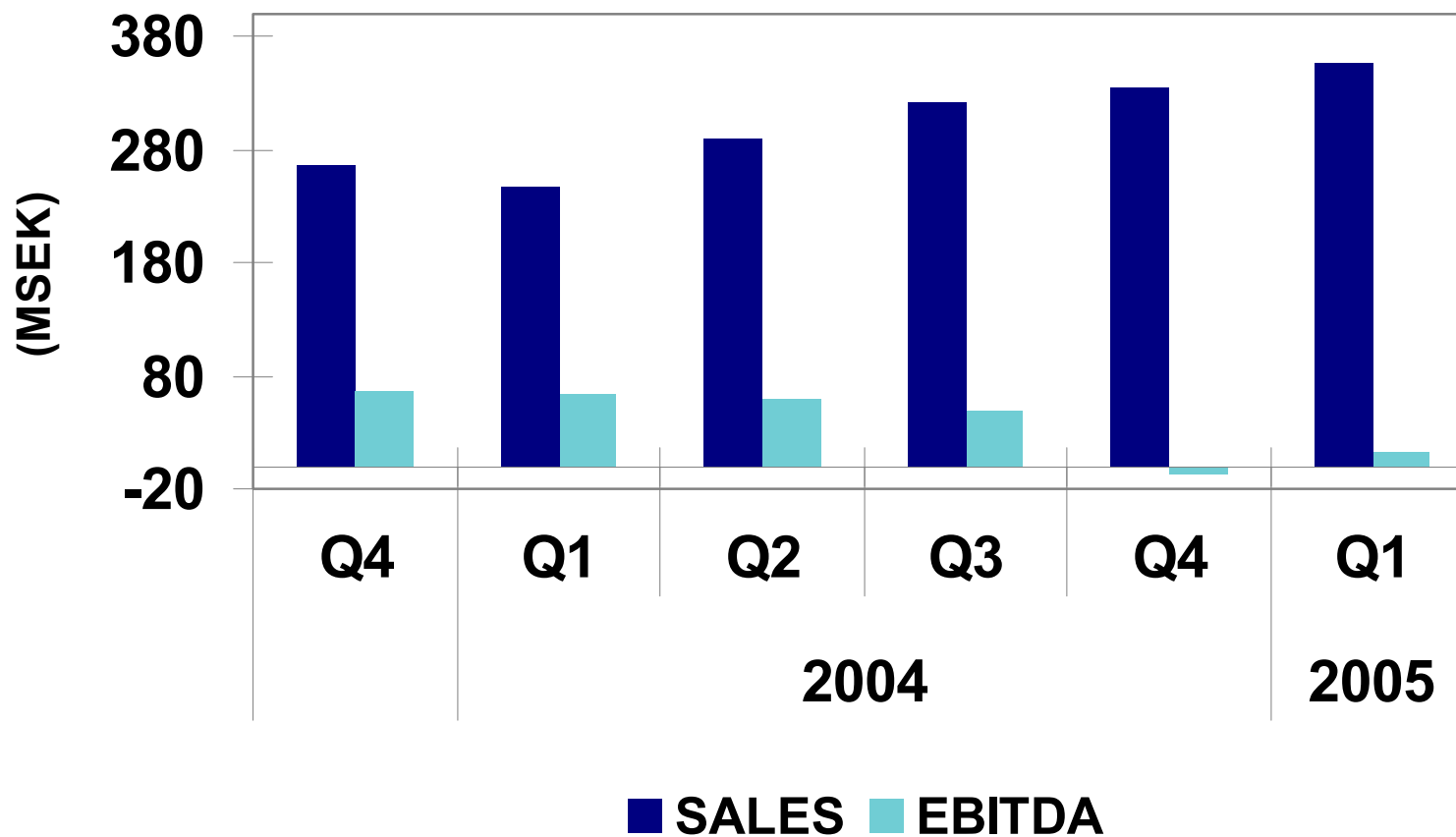
**UK & Benelux Fixed Telephony & Internet**

**Sales and EBITDA**



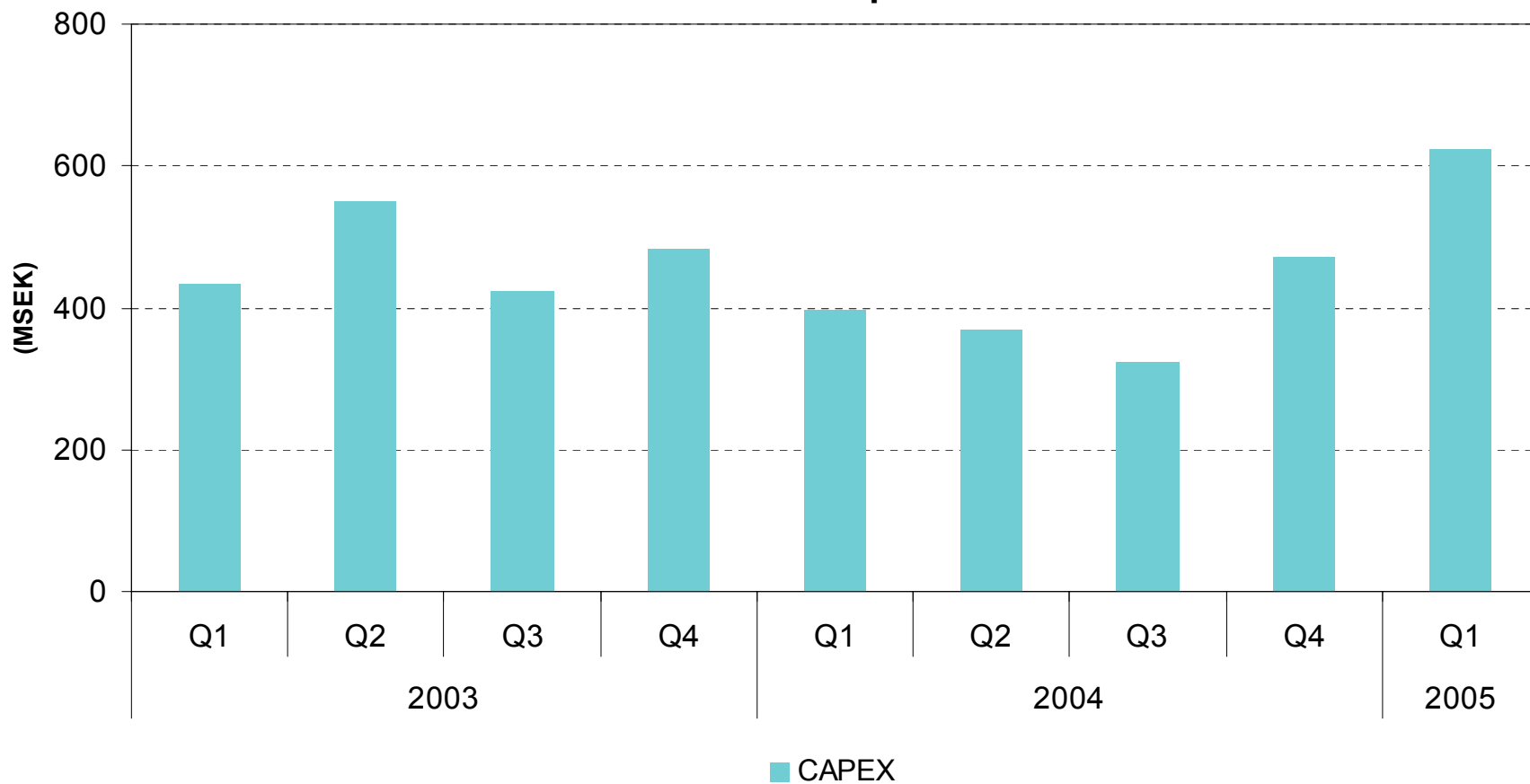
**UK & Benelux Mobile**

**Sales and EBITDA**



**CAPEX**

**CAPEX Group**



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## Financial comments on the coming quarters

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In estimating the coming quarters the following items should be considered

- Payments to 3G JV – circa MSEK 75 in Q2 & Q3 – and circa MSEK 90-100 in Q4
- Continuing resale of fixed subscription fee in Sweden: Cost per customer is some SEK 300 and Tele2 expects further interest in this offer
- MVNO services will be launched in France in 2005
- Increased marketing of ADSL in France following letter of intent with Neuf Telecom



**Don't forget**

**VISIT [WWW.TELE2.COM](http://WWW.TELE2.COM)**



- Conference call today at 16.00 CET  
**WEBCAST AT [WWW.TELE2.COM](http://WWW.TELE2.COM)**
- AGM: May 11
- Q2 2005: July 26

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