

Q2 2007

FINANCIAL REPORT

Lars-Johan Jarnheimer
President and CEO

TELE2

UPDATE ON THE STRATEGIC REVIEW

2006

- 22 Countries
- Mobile/MVNO in 14 countries
- Broadband in 12 countries
- Fixed in 15 countries

■ Disposals/withdrawals (resale based)

- France fixed and broadband
- Denmark
- Portugal
- Hungary
- Alpha and C³

H1 2007

- 18 Countries
- Mobile/MVNO in 13 countries
- Broadband in 10 countries
- Fixed in 12 countries

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FINANCIAL HURDLES

We have set a minimum EBITDA hurdle of 20 percent that each of Tele2's geographies should meet or exceed in the medium term

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TELE2: Q2 2007 RESULTS

SEK MILLION	H1-07	H1 -06	Q2 -07	Q2 -06
<u>Continuing operations</u>				
Operating revenue	25,947	24,629	13,110	12,386
Net customer intake ('000)	663	1251	382	634
EBITDA	3,230	2,458	1,737	1,237

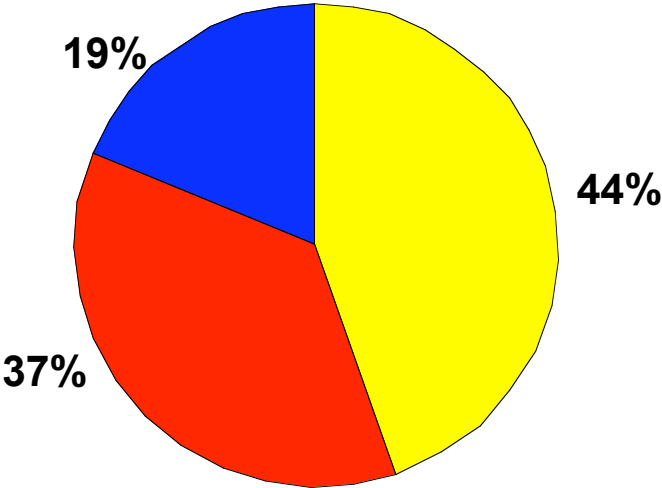
- Mobile revenues in Q2 2007 increased by 25.5 percent to SEK 5.8 billion
- Solid broadband intake during Q2 2007, adding a total of 221,000 new broadband customers
- Fixed telephony EBITDA margin at 12 (9) percent in Q2 2007

All numbers including discontinued operations

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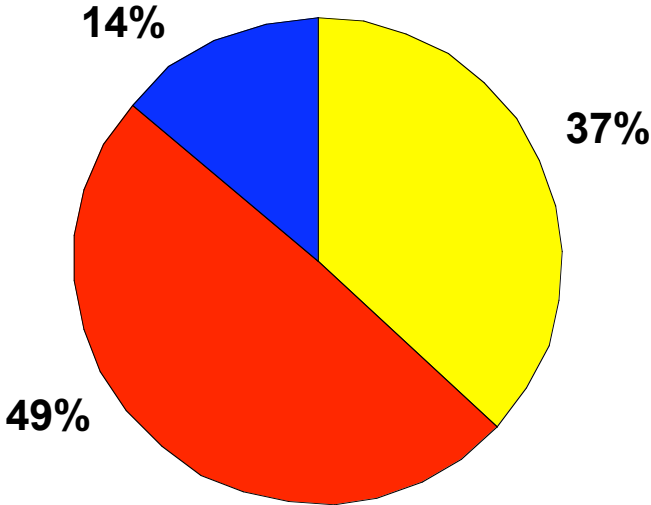
CONTINUED SHIFT TOWARDS INFRASTRUCTURE BASED SERVICES

Revenue distribution H1 -07



- Mobile telephony
- Fixed telephony (resale & dial-up)
- Broadband (resale, direct & LLUB)

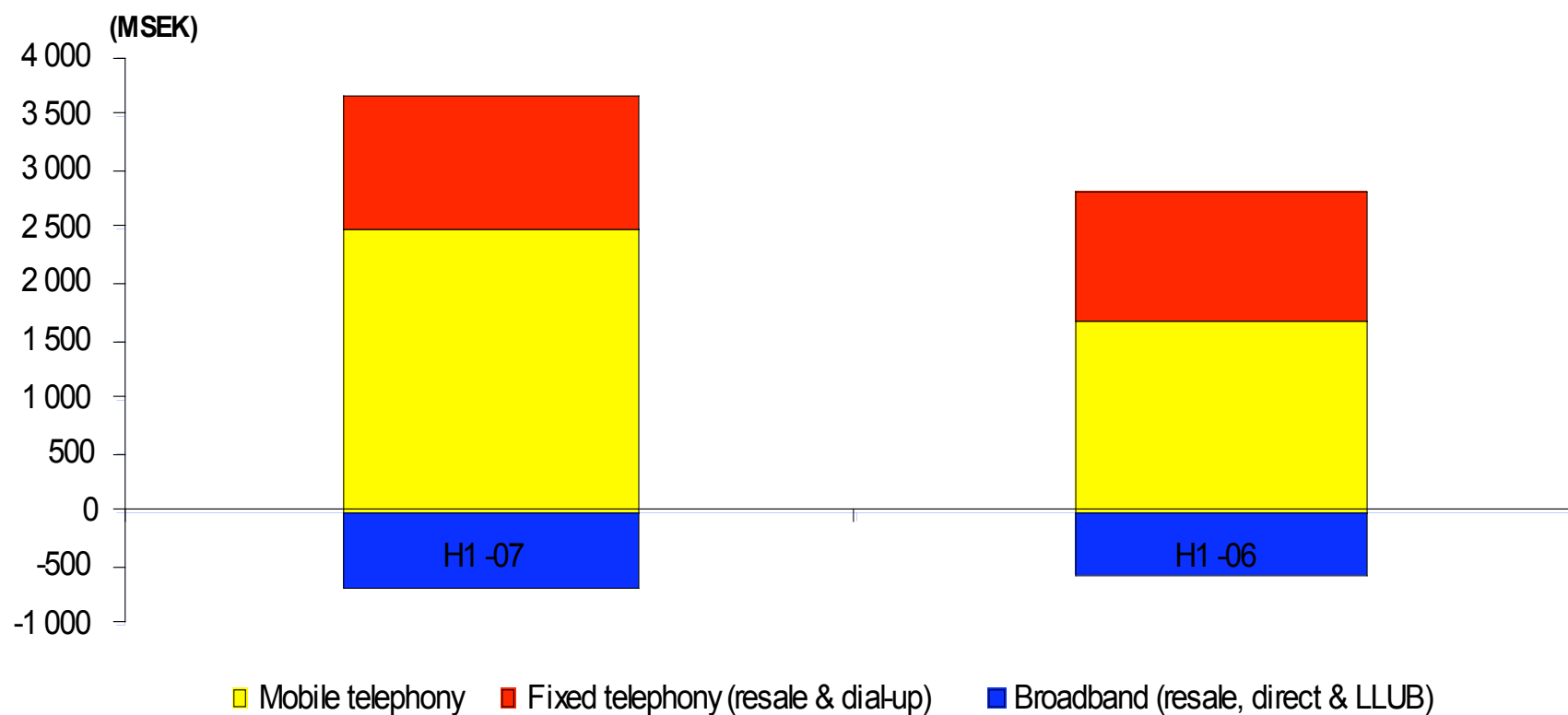
Revenue distribution H1 -06



- Mobile telephony
- Fixed telephony (resale & dial-up)
- Broadband (resale, direct & LLUB)

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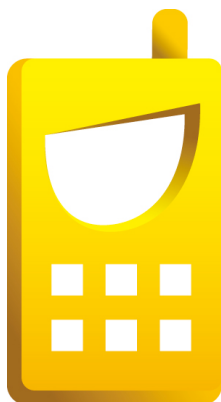
EBITDA CONTRIBUTION PER SEGMENT



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CONTINUED STRONG PERFORMANCE IN MOBILE TELEPHONY

SEK MILLION	H1-07	H1 -06	Q2 -07	Q2 -06
Mobile telephony				
Operating revenue	11,045	8,682	5,826	4,644
Net customer intake ('000)	1,678	1,895	931	986
EBITDA	2,489	1,699	1,401	953



- Mobile revenues in Q2 2007 increased by 25.5 percent to SEK 5.8 billion
- Continued excellent performance in Russian mobile operations with EBITDA margin of 33 percent in Q2 2007
- Improved development in MVNO.
- Clean up of customer base in the Nordic market area by 759,000 in Q2 2007

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STRONG BROADBAND INTAKE

SEK MILLION	H1-07	H1 -06	Q2 -07	Q2 -06
<u>Broadband resale, DA/LLUB</u>				
Operating revenue	4,736	3,299	2,460	1,697
Net customer intake ('000)	475	273	221	129
EBITDA	-672	-580	-322	-274



- Robust broadband intake during Q2 2007, adding a total of 221,000 new broadband customers
- Southern Europe has turned the corner when it comes to operational performance

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STABLE MARGIN – INCREASED COMPETITION

SEK MILLION	H1-07	H1 -06	Q2 -07	Q2 -06
<u>Fixed telephony resale</u>				
Operating revenue	9,119	11,558	4,323	5,541
Net customer intake ('000)	-1,490	-917	-770	-481
EBITDA	1,185	1,136	536	474



- Fixed telephony EBITDA margin 12 (9) percent in Q2 2007
- Continued high level of competition from primarily mobile operators
 - Larger net customer outflow
 - Stronger ARPU decline than expected
- Fixed line operations a valuable asset
 - Strive to maximize value through an extremely cost-conscious regime
 - Broadband cross-selling

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Q2 2007 SUMMARIZED

- Good development in the realignment process
- We have implemented a minimum EBITDA hurdle of 20 percent that each of Tele2's geographies should meet or exceed in the medium term
- Strong operational development in core operations

TELE2: CONTINUED OPERATIONS

MSEK	H1 -07	H1 -06	Q2 -07	Q2 -06
Operating revenue*	25,947	24,629	13,110	12,386
Net intake ('000)	663	1,251	382	634
EBITDA*	3,230	2,458	1,737	1,237

*Excluding non-recurring items



Q2 2007
FINANCIAL REPORT

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CFO

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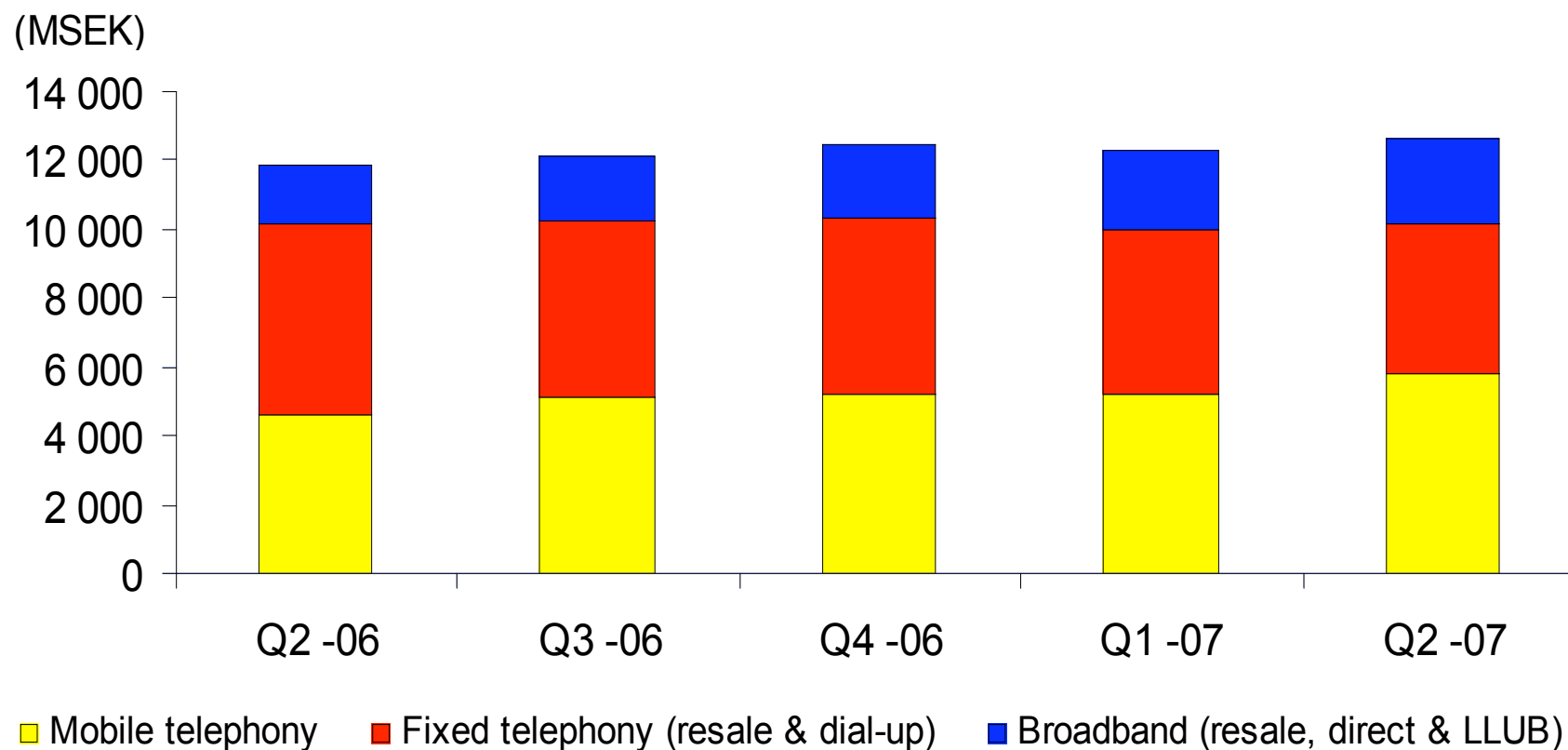
FINANCIAL OVERVIEW FOR Q2 2007 – CONTINUING OPERATIONS

	H1 -07	Diff H1 -06	Q2 -07	Diff Q2 -06
Revenues (MSEK)	25,947	5,3%	13,110	5,8%
EBITDA (MSEK)	3,230	31,4%	1,737	40,4%
CAPEX (MSEK)	2,516	-3,0%	1,335	-5,7%
Net Intake ('000)	663	-47,0%	382	-39,7%

Excluding disposals*	H1 -07	Diff H1 -06	Q2 -07	Diff Q2 -06
Revenues (MSEK)	24,268	7,4%	12,380	8,3%
EBITDA (MSEK)	3,128	24,7%	1,691	34,7%

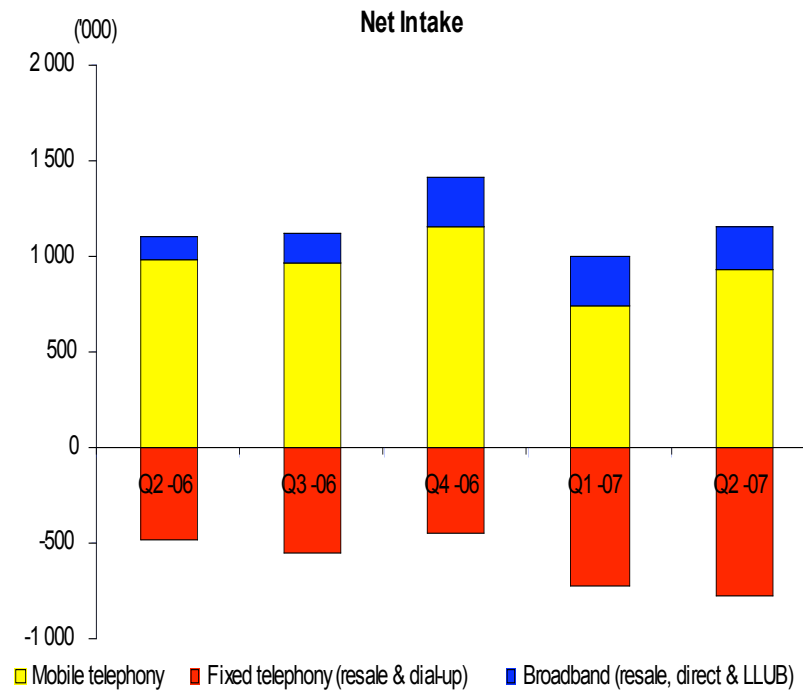
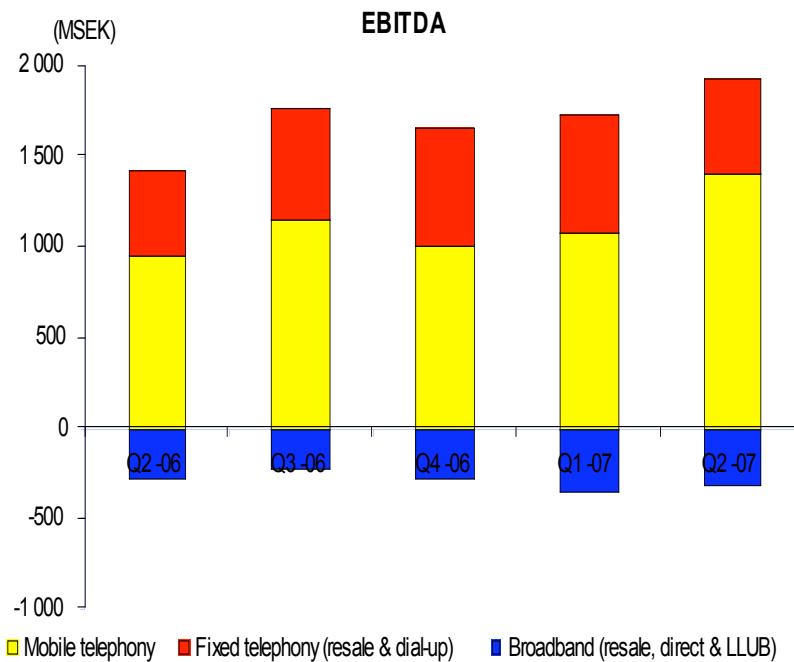
*Alpha, C³, Datamatrix (NO), Denmark, Portugal, Ungern and UNI 2 (DK)

OPERATING REVENUE PER SEGMENT



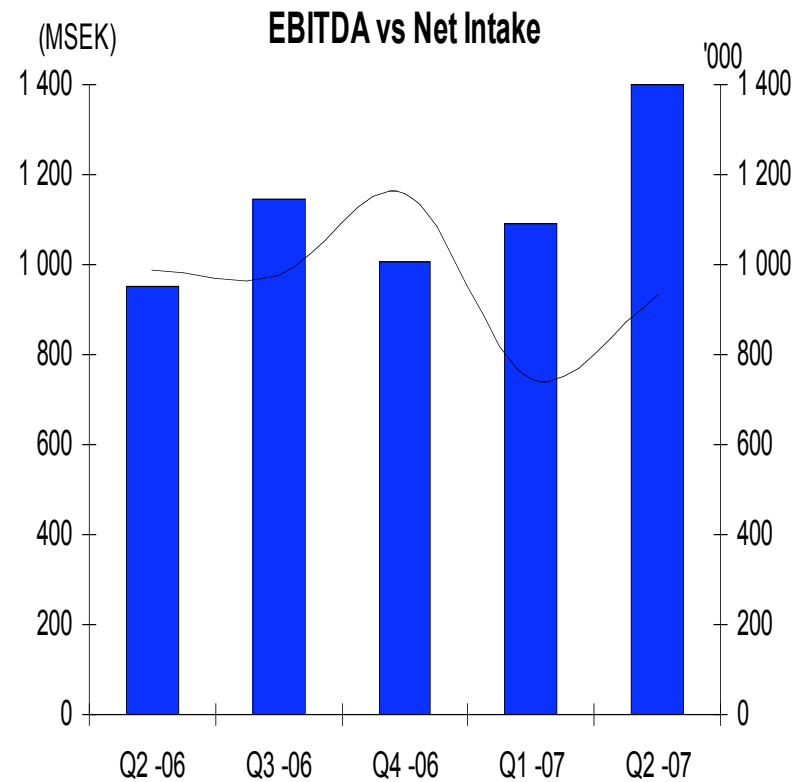
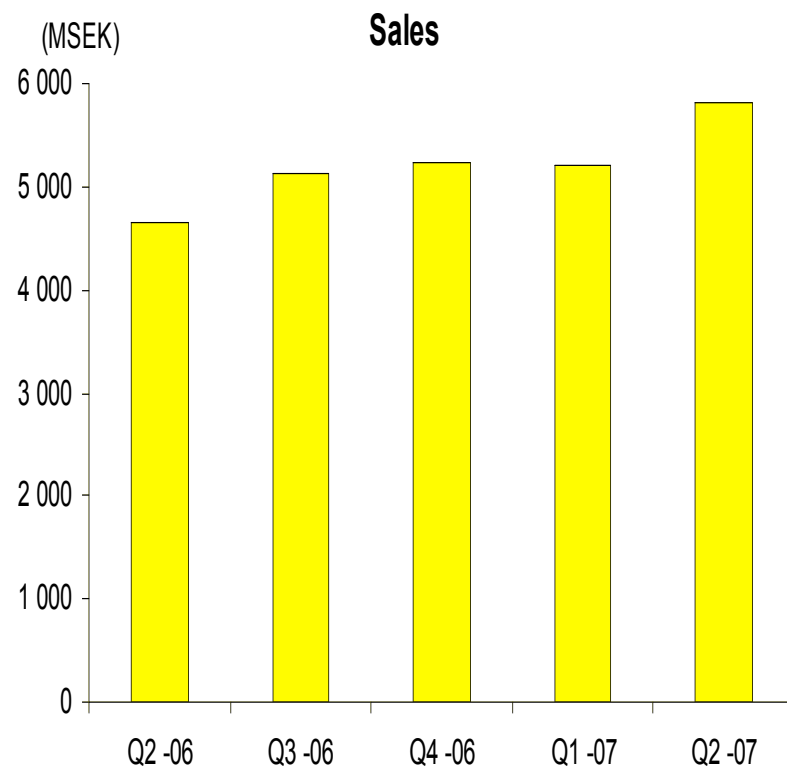
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EBITDA AND NET INTAKE PER SEGMENT



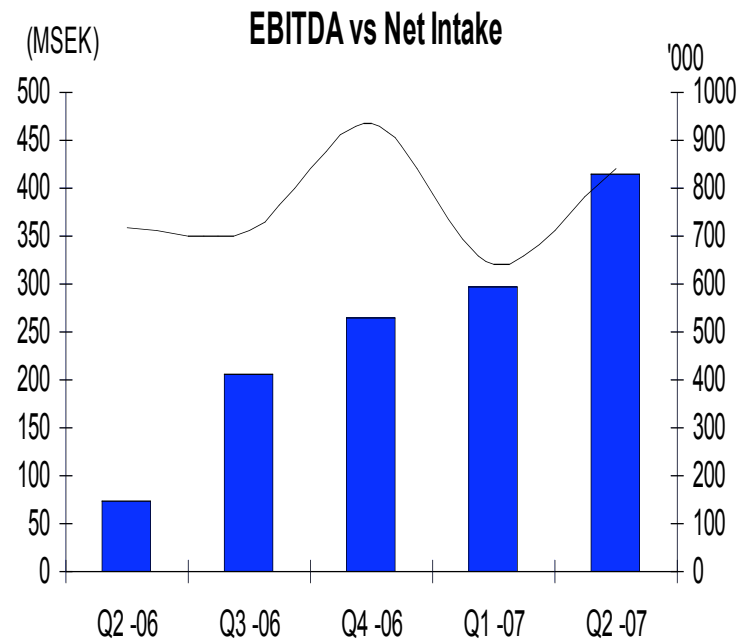
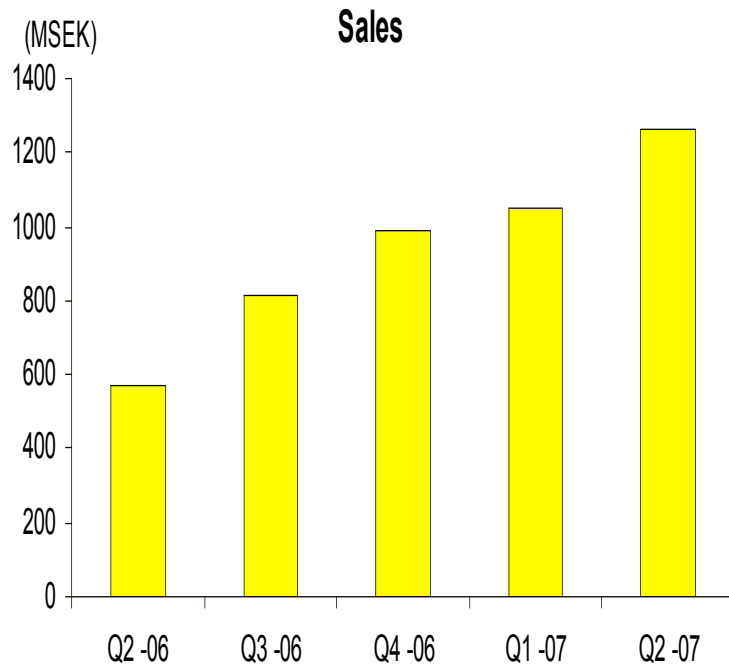
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TELE2 MOBILE



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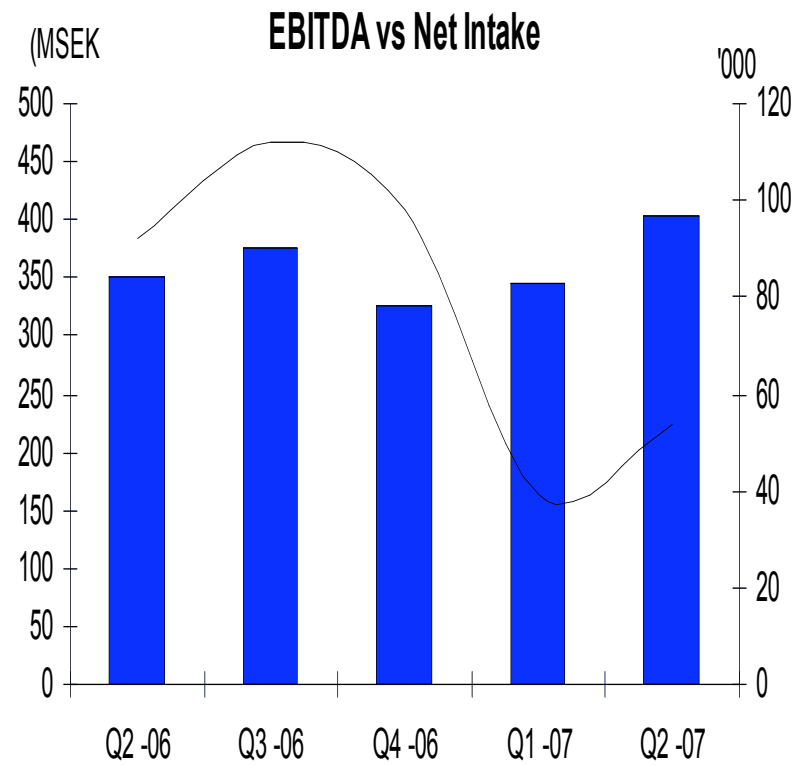
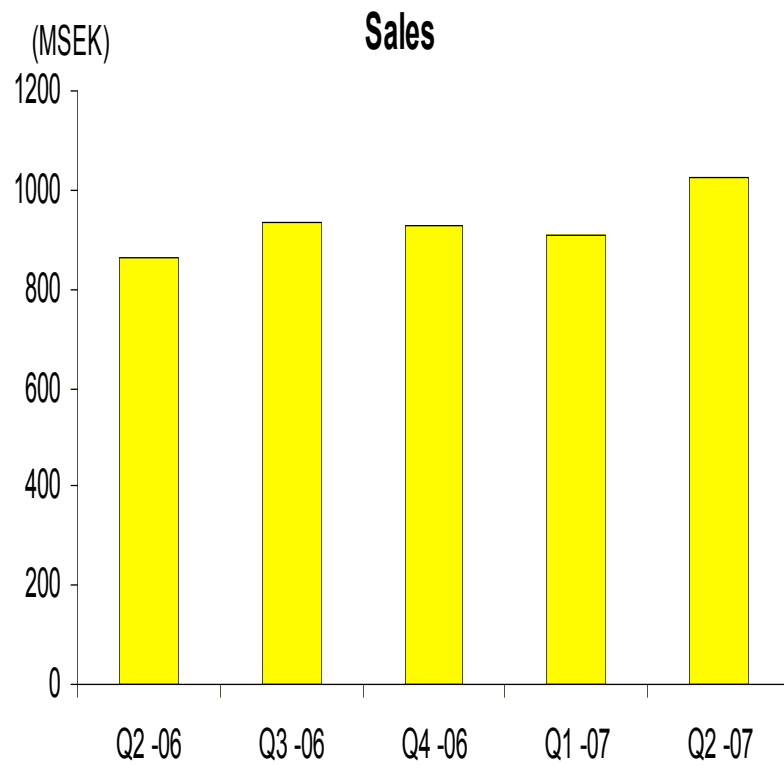
TELE2 RUSSIA



- Net intake of 839,000 customers to a total of 7,9 million customers
- ARPU of 56 SEK in Q2 2007 compared to 44 SEK in Q2 2006
- EBITDA margin 33 (13) percent

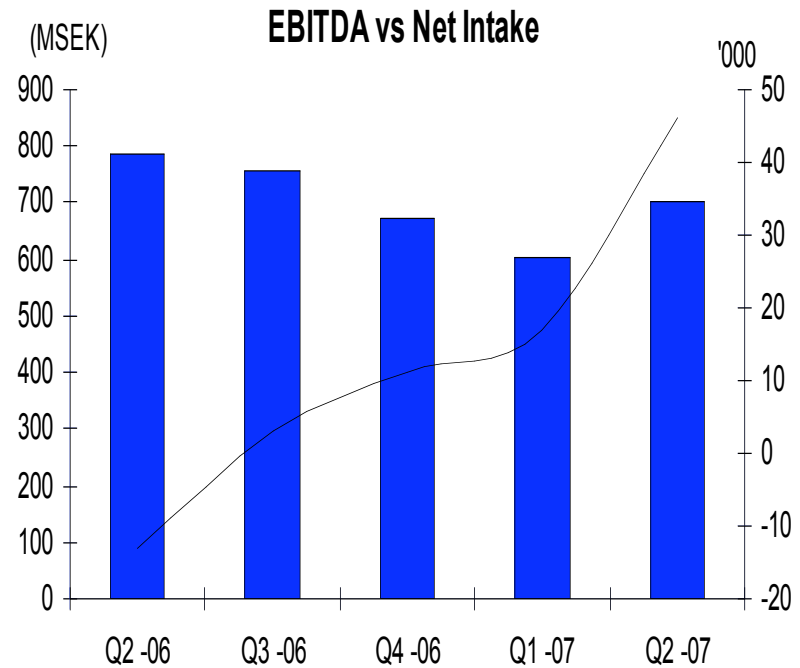
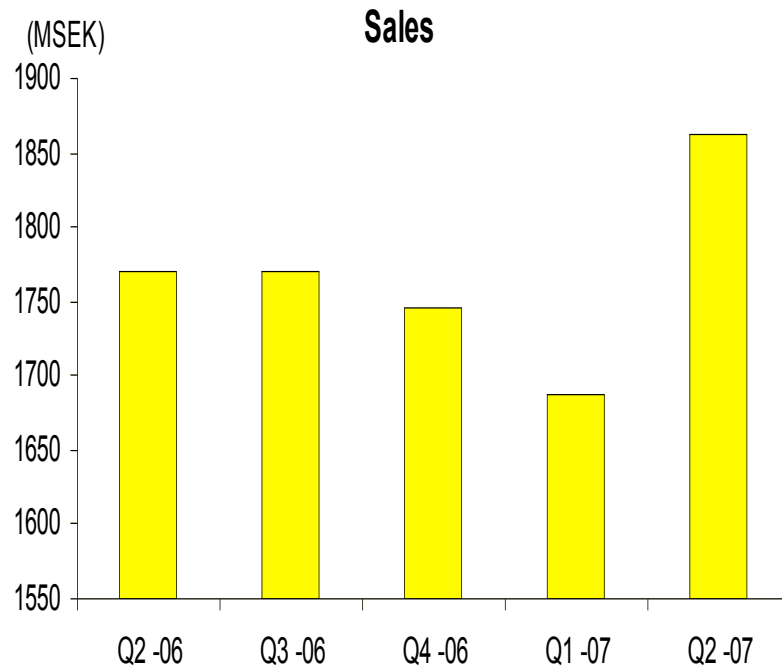
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TELE2 BALTIC



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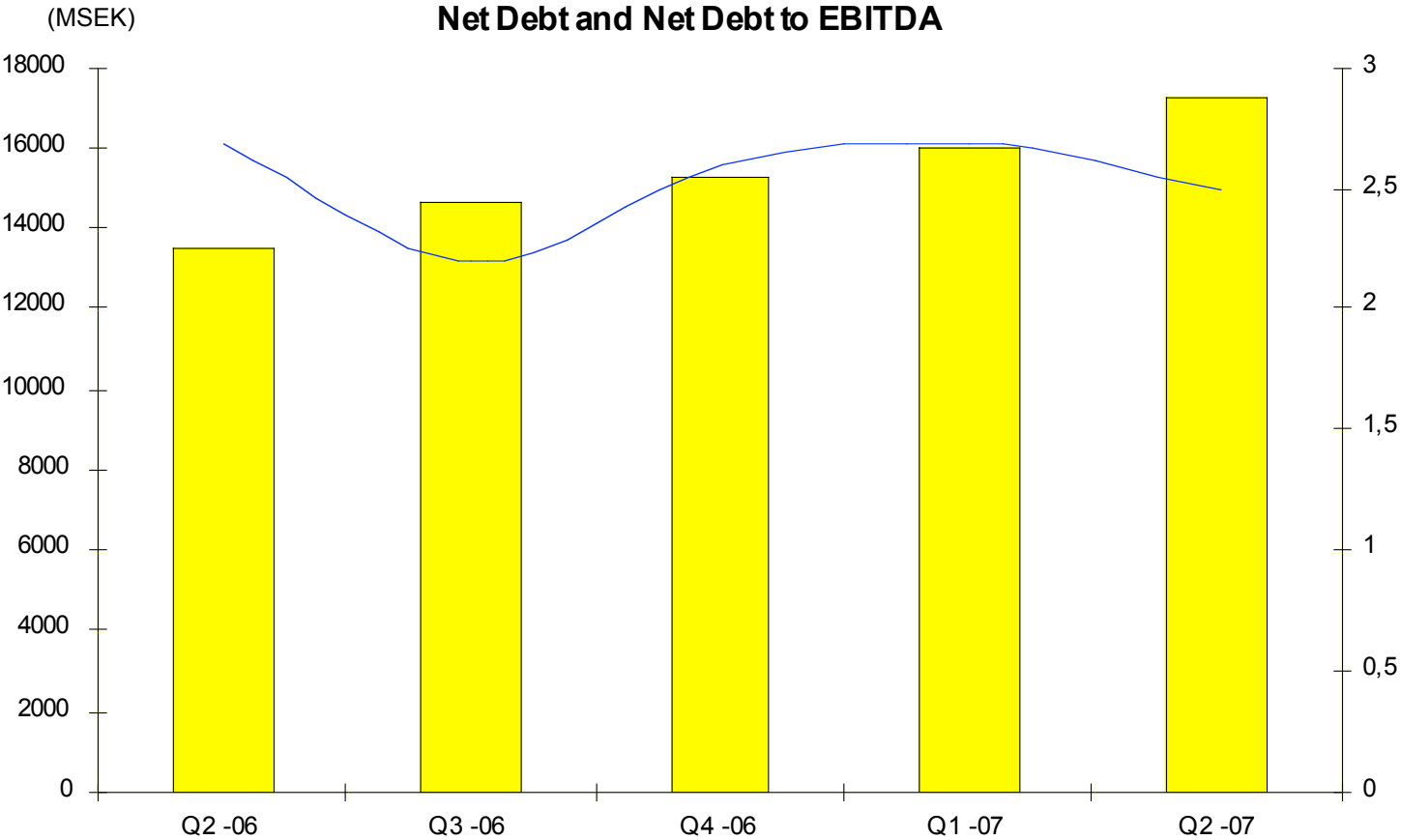
SWEDEN MOBILE



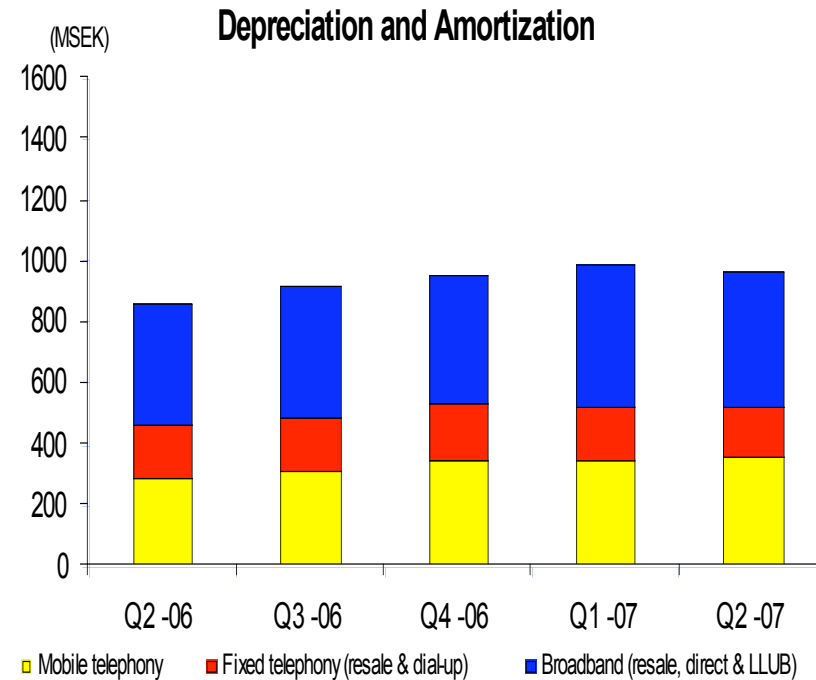
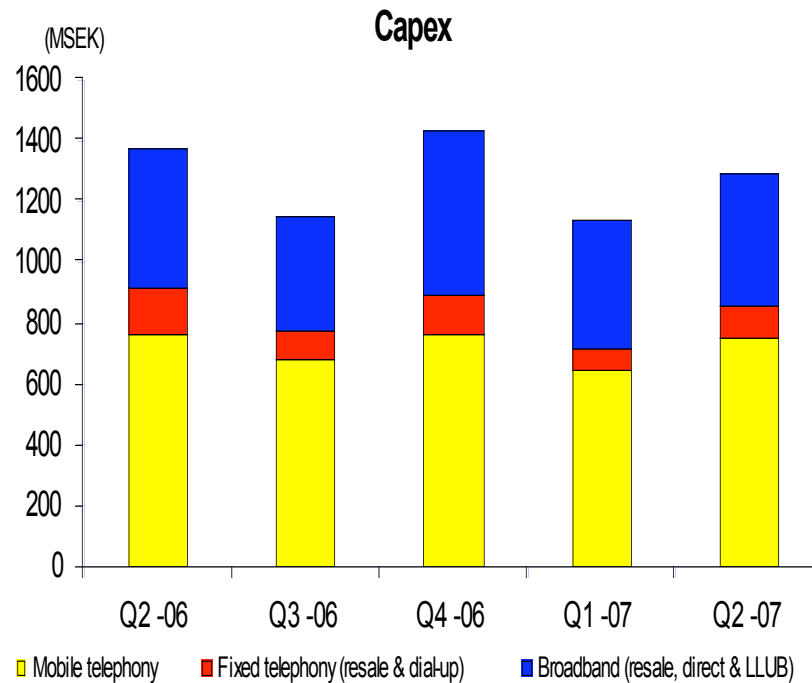
- EBITDA-margin still affected by higher costs from adding post-paid subscribers
- Sweden adding 46,000 customers in Q2 2007

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NET DEBT



CAPEX, depreciation and amortization




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COMMENTS ON INCREASED TAX

- Tele2 Germany changed tax rate from 40% to 30%, which had an impact of -193 MSEK
- Increased profits in Russia had an impact of -53 MSEK
- Divestment of operations in C³; reevaluate tax-loss-carry-forwards

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QUESTIONS & ANSWERS

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