

Q4 2006

FINANCIAL REPORT

Lars-Johan Jarnheimer
President and CEO

TELE2

TELE2: Q4 2006 RESULTS

SEK MILLION	2006 Q4	2005 Q4	2006 Full Year	2005 Full Year
<u>Continuing operations</u>				
Operating revenue	12,952	12,635	50,306	44,457
Net customer intake (thousands)	953	1,205	2,778	3,621
EBITDA	1,466	1,415	5,652	5,772

- Mobile revenues in Q4 increased by 28 % to SEK 5.2 billion
- Strong push in broadband during the fourth quarter adding a total of 253,000 new broadband customers
- Fixed Telephony EBITDA margin 13 % in Q4 2006

All numbers including discontinued operations

The logo for TELE2, featuring the word "TELE2" in a bold, black, sans-serif font. The "2" is significantly larger and more stylized than the other characters.

CONCENTRATIONS OF SCALE AND SCOPE

Today

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



Tomorrow

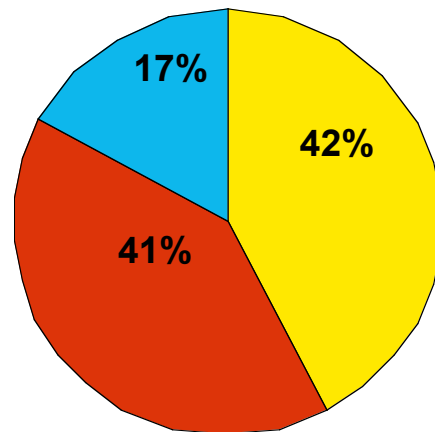
- Continue the strategic review to create geographic concentration
- Focus on Mobile success – use the fixed line base to cross sell broadband
- Create necessary scale in operations that we believe in

Our long term success depends on it

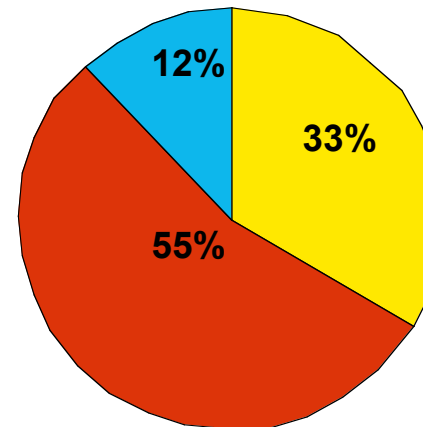
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SHIFT IN REVENUE MIX – THE TREND IS CLEAR

Sales - Q4 2006



Sales - Q4 2005

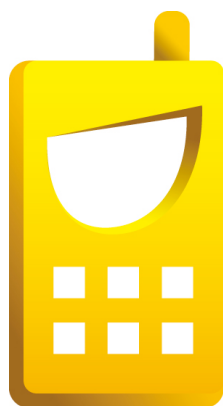


■ Broadband (resale & direct access) ■ Fixed telephony resale ■ Mobile

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EXCELLENT PERFORMANCE IN MOBILE TELEPHONY

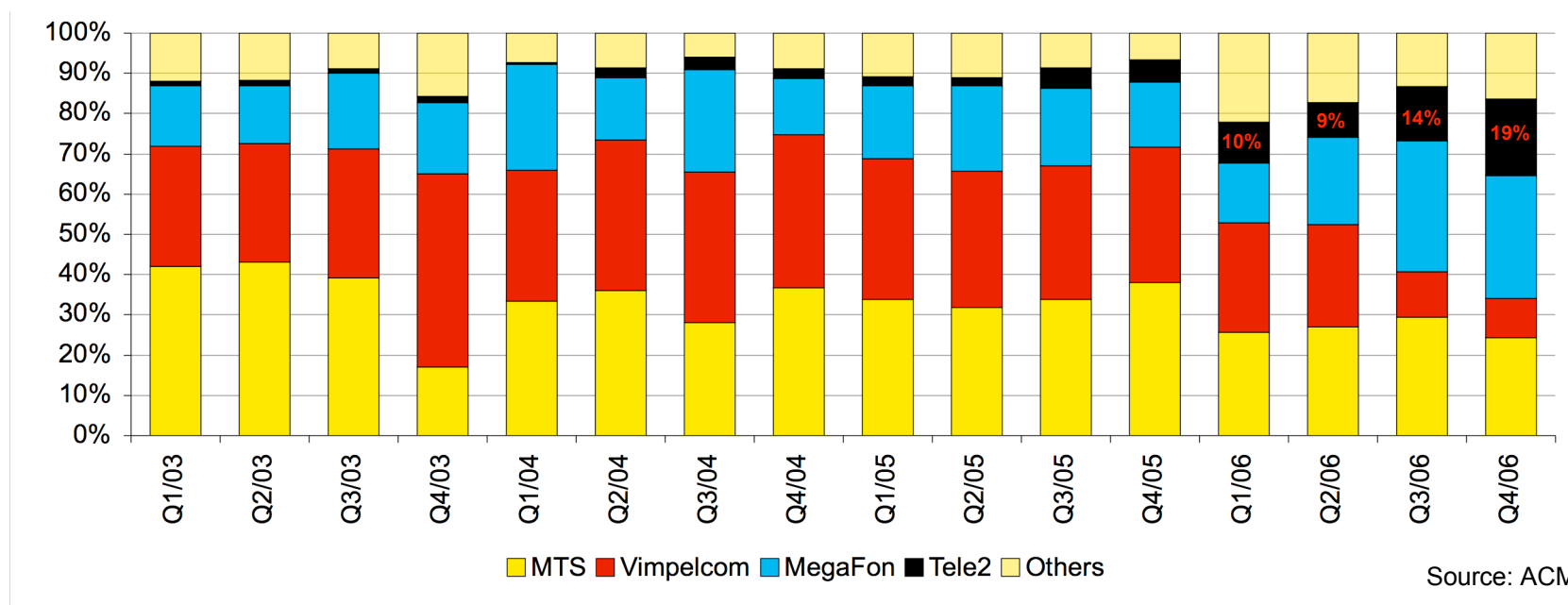
SEK MILLION	2006 Q4	2005 Q4	2006 Full Year	2005 Full Year
<u>Mobile Telephony</u>				
Operating revenue	5,245	4,094	19,052	14,672
Net customer intake (thousands)	1,146	1,281	4,017	3,261
EBITDA	1,009	693	3,856	3,630



- Strong position in Mobile. Mobile Revenues in Q4 increased 28 % to SEK 5.2 billion
- Russia and Baltic developing above expectations. Total customer base for the market area in excess of 10 million
- Continue to evaluate the MVNO business case

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TELE2s SHARE OF NET ADDS IN RUSSIA (%)



- Record net intake of 933,000 customers
- Revenue improved by 161 % to SEK 988 million
- Despite record high customer intake, EBITDA margin at 27 % in Q4

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STRONG PUSH IN BROADBAND RESALE, DIRECT ACCESS AND LLUB

SEK MILLION	2006 Q4	2005 Q4	2006 Full Year	2005 Full Year
<u>Broadband resale, DA/LLUB</u>				
Operating revenue	2,102	1,492	7,290	3,577
Net customer intake (thousands)	253	98	682	716
EBITDA	-284	-173	-1,086	-390



- Fourth quarter added a total of 253,000 new broadband customers, a 66 % increase on a sequential basis
- Broadband is being evaluated market by market. Scale is more important than the regulatory environment

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RATE OF DECLINE IN THE CUSTOMER BASE IS SLOWING

SEK MILLION	2006 Q4	2005 Q4	2006 Full Year	2005 Full Year
<u>Fixed telephony resale</u>				
Operating revenue	5,080	6,657	21,787	25,207
Net customer intake (thousands)	-446	-174	-1,917	99
EBITDA	636	703	2,401	2,111



- Fixed line resale revenue down 1 %, which represents a lower sequential rate of decrease compared to Q3 2006
- Churn is being better managed
- Fixed telephony EBITDA margin solid at 13 %
- Cross selling important opportunity

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Q4 2006 SUMMERIZED

- Excellent development in Mobile Telephony, with a revenue growth of 28 % in Q4
- Strong learning curve in Broadband/Direct Access with net adds of 253,000
- Churn management in Fixed Line Telephony leading to a more stable decline in the customer base

TELE2: CONTINUED OPERATIONS

MSEK	Q4 2006	Q4 2005	
Operating revenue*	12,952	12,635	+3 %
EBITDA*	1,466	1,415	+4 %
Net intake ('000)	953	1,205	-21 %


*Excluding non-recurring items



FINANCIAL COMMENTS ON 2007

- Our previous outlook for 2007 remains unchanged:
“We expect significantly higher EBITDA and higher organic growth compared to 2006”

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Q4 2006

FINANCIAL REPORT

Lars Torstensson
Investor Relations Director

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FINANCIAL OVERVIEW FOR Q4 2006 – CONTINUING OPERATIONS

	Q4 2006	Difference to Q4 2005	
Revenues (MSEK)	12,952	317	3%
EBITDA (MSEK)*	1,466	51	
CAPEX (MSEK)	1,422	-19	
Customer Net Additions (thousands)	953	-252	

*Incl. one-off items

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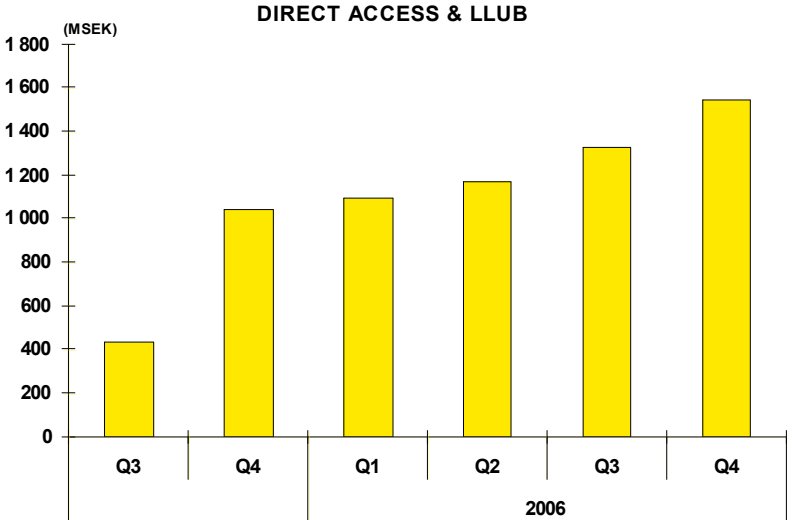
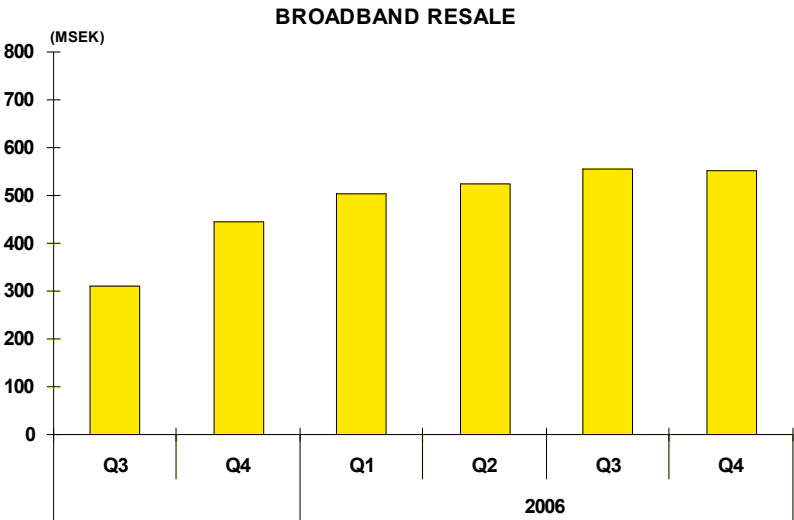
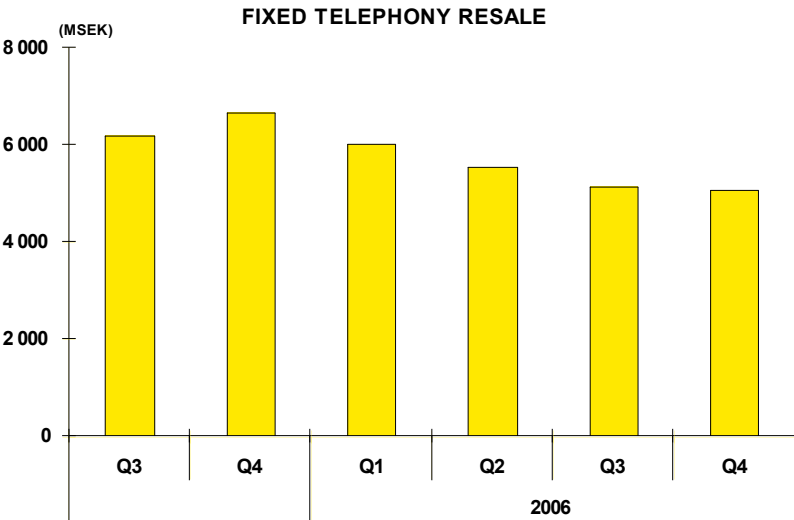
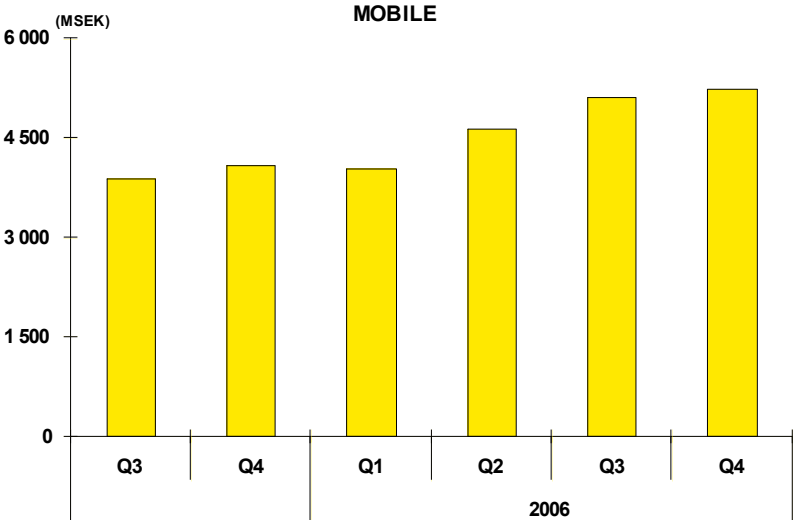
FINANCIAL OVERVIEW FOR Q4 2006 – DISCONTINUED OPERATIONS

	Q4 2006	Difference to Q4 2005	
Revenues (MSEK)	995	-310	-24%
EBITDA (MSEK)	-1	-188	
CAPEX (MSEK)	60	46	
Customer Net Additions (thousands)	-201	-153	

- Negative EBITDA because of marketing efforts in broadband
- Customer loss in fixed line telephony

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OPERATING REVENUE PER SEGMENT



ARPU PER SEGMENT/GROUP

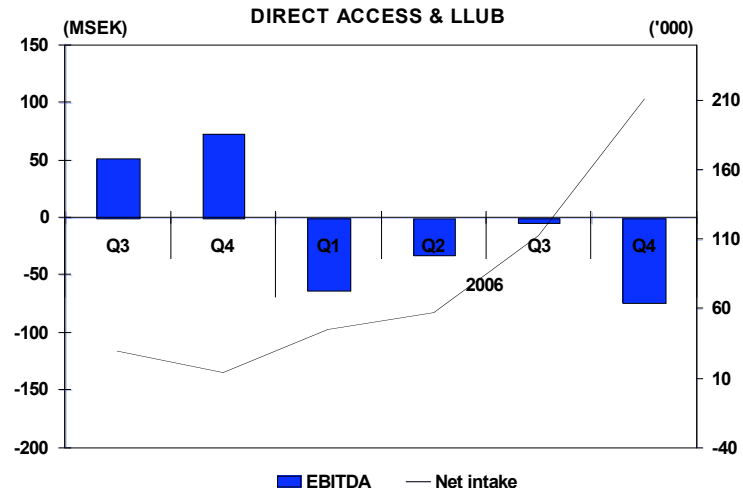
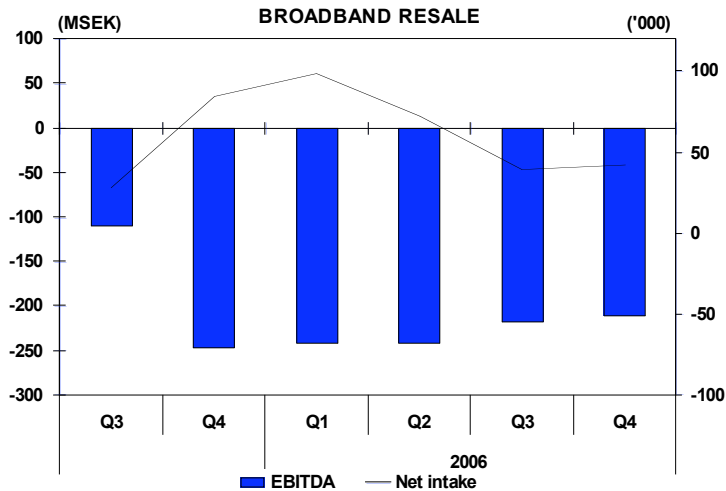
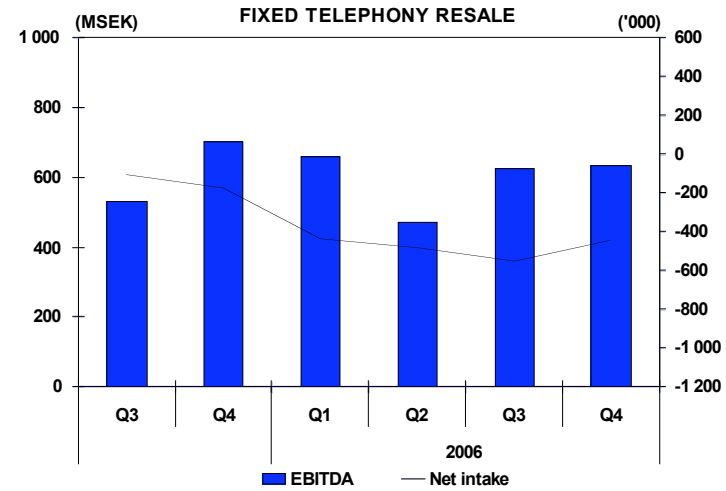
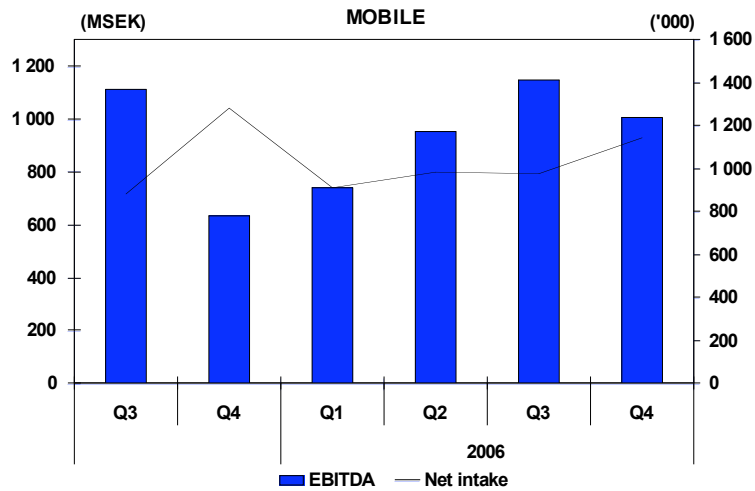
(SEK)	Q4 2006	Q4 2005
Mobile	114	124
Fixed telephony	139	151
Broadband resale	225	264
Direct access & LLUB	591	662

(SEK)	Q4 2006	Q4 2005
Group	142	153

- ARPU slightly down at 142 (153)
- Dilution from high growth in low ARPU regions, particularly Russia, offset by increased intake of broadband customers

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EBITDA AND NET INTAKE PER SEGMENT

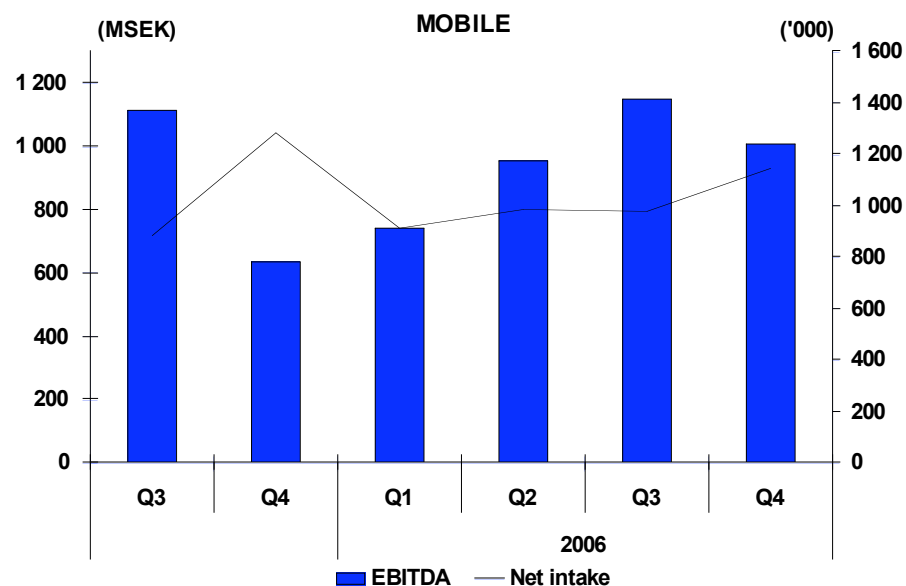
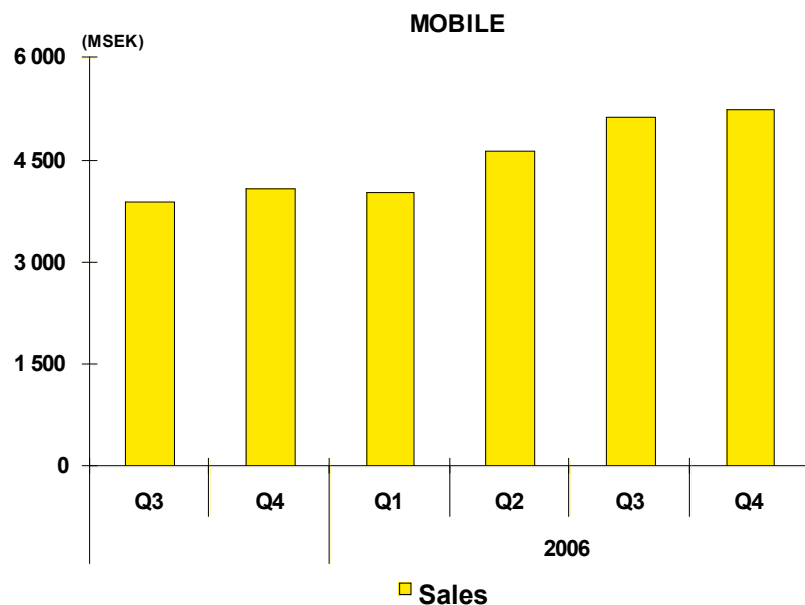


P&L IMPACT FROM BROADBAND GROWTH

	Q4 2006	Q3 2006	Q2 2006
P&L impact from Broadband growth (MSEK)	335	250	300
NET INTAKE			
Broadband resale ('000)	42	39	72
Direct access and LLUB ('000)	211	113	57
ACQUISITION COST			
Broadband resale (SEK)	1,450	2,050	1,500
Direct access and LLUB (SEK)	1,300	1,500	3,600

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MOBILE SALES +28 %



EBITDA IMPACT FROM FRANCE & CROATIA:

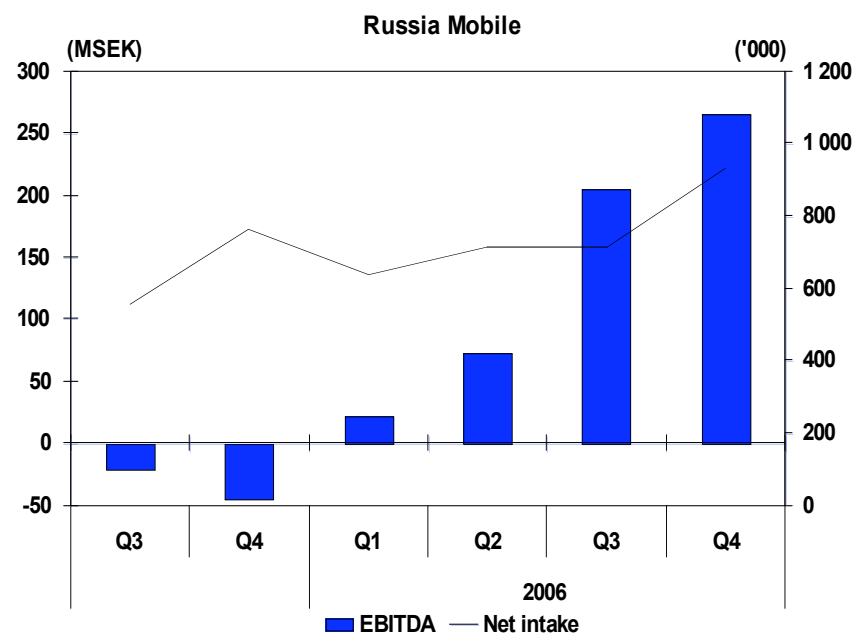
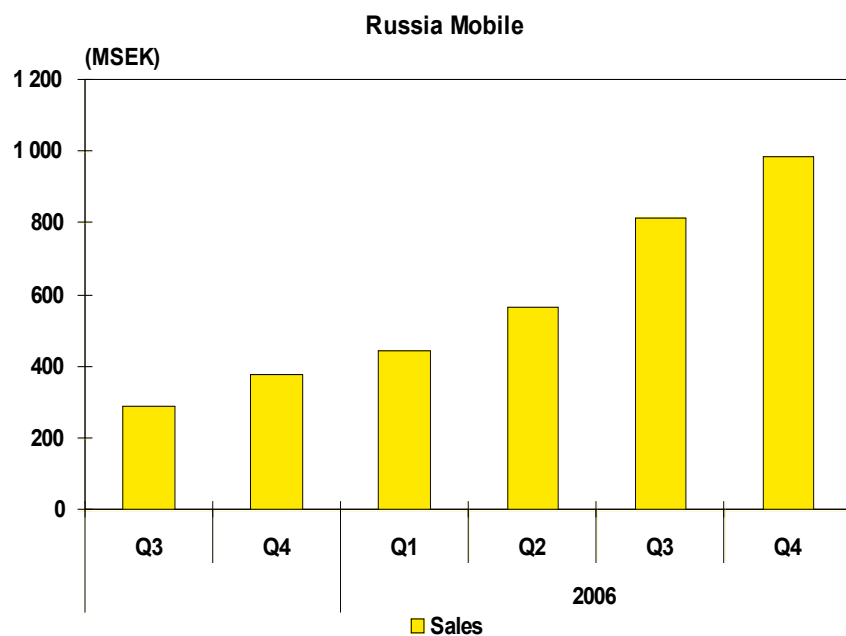
-317 MSEK in Q4 2006

-19 MSEK compared to Q4 2005

Adjusted for non-recurring

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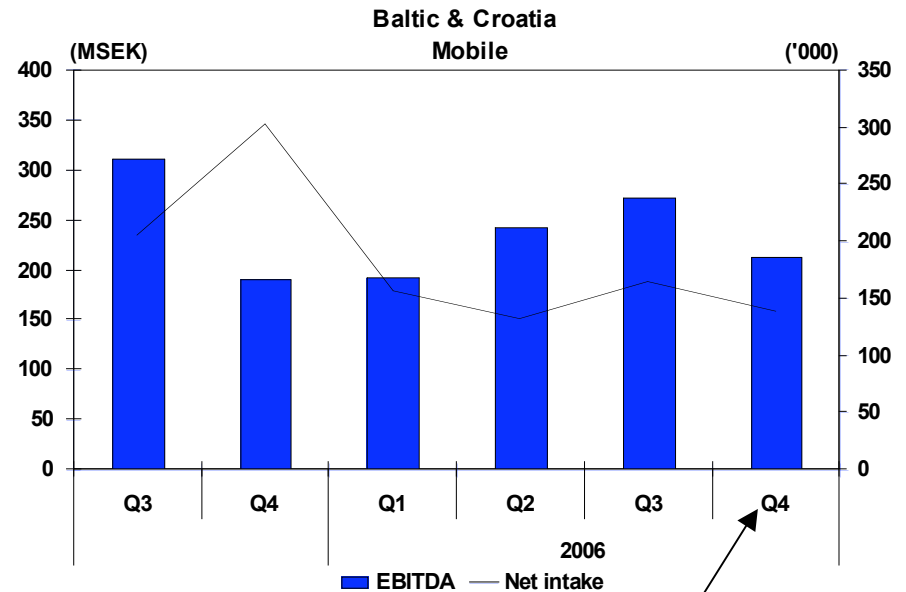
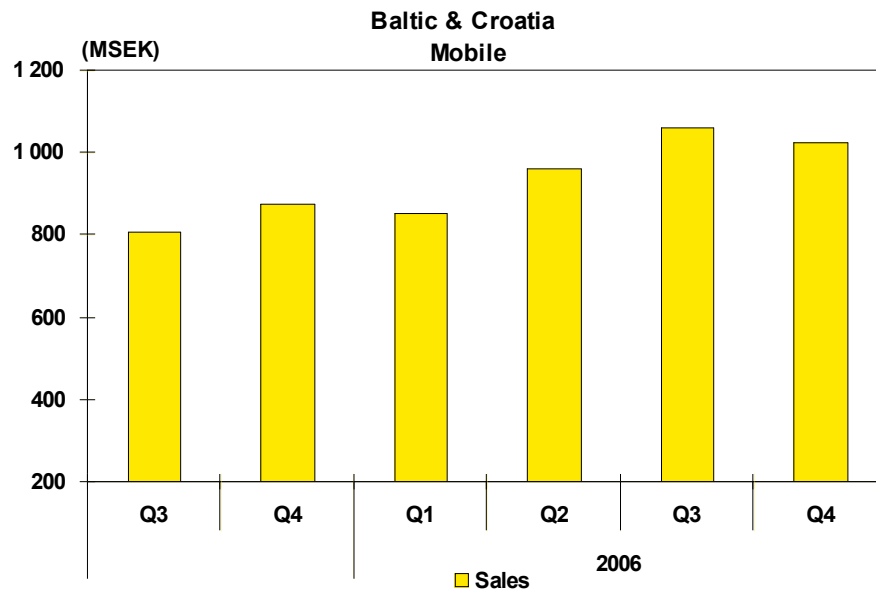
RUSSIA SALES +161 %



- Net intake of 933,000 customers to a total of 6,453,000 customers
- ARPU of 55 SEK in Q4 2006 compared to 43 SEK in Q4 2005
- EBITDA margin 27 % (-12 %)

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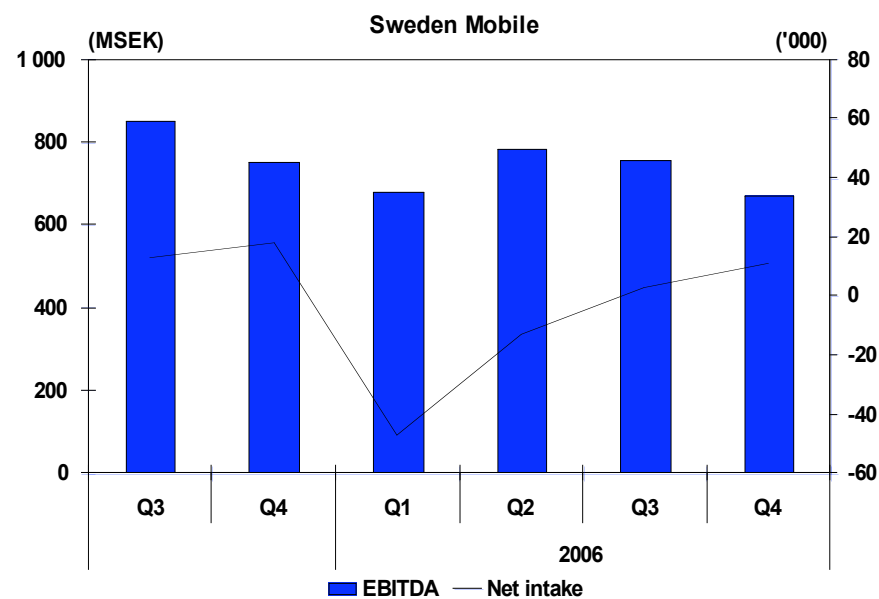
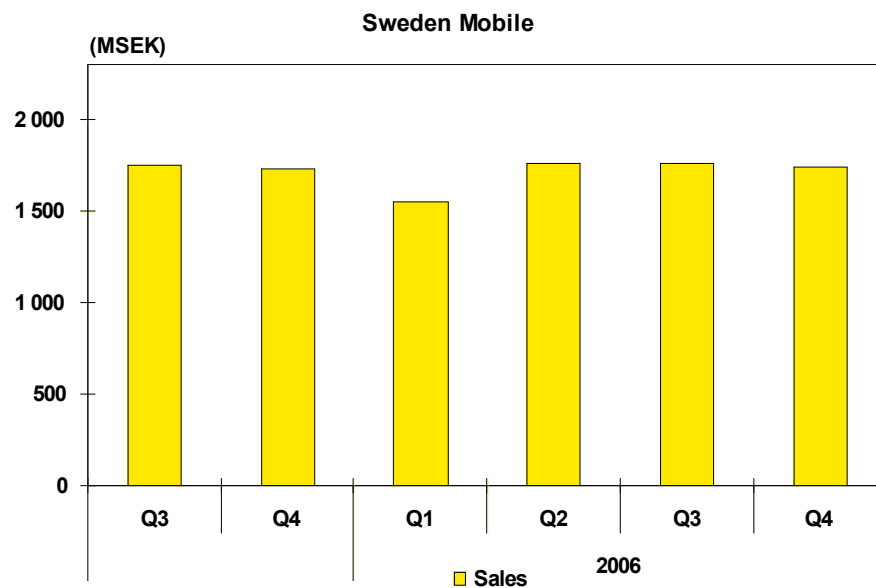
BALTIC & CROATIA MOBILE SALES +15 %



Mobile roll-out in Croatia
- 114 MSEK

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SWEDEN MOBILE SALES +1 %

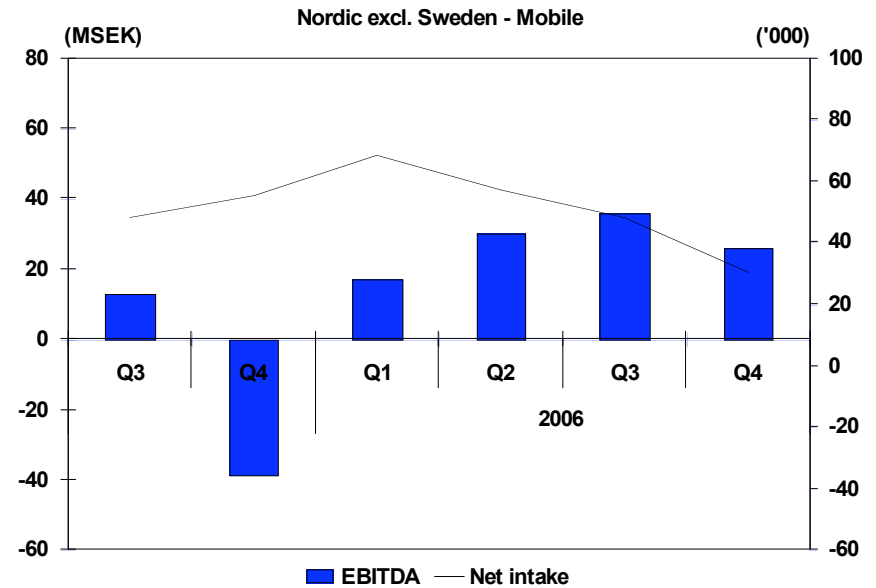
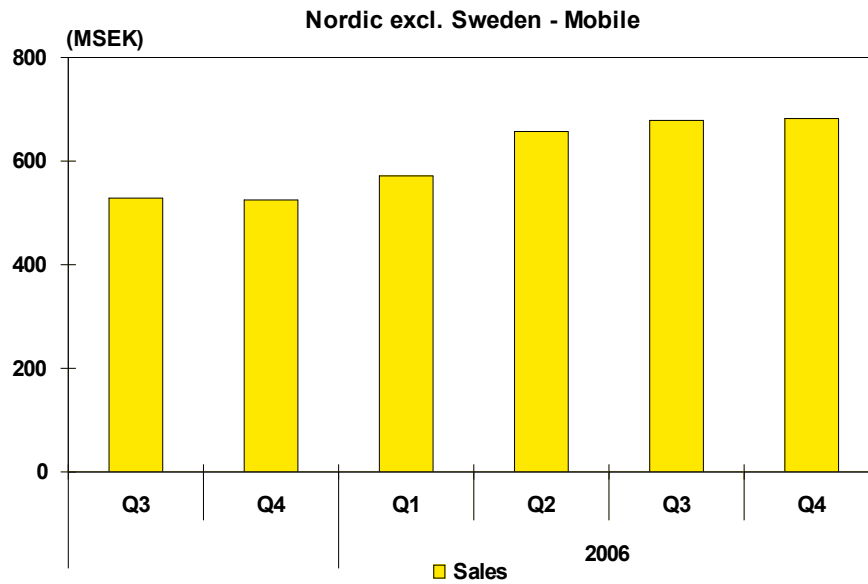


- EBITDA-margin effected by higher marketing costs in Q4
- More than 40 000 post-paid net adds in Q4

Adjusted for non-recurring

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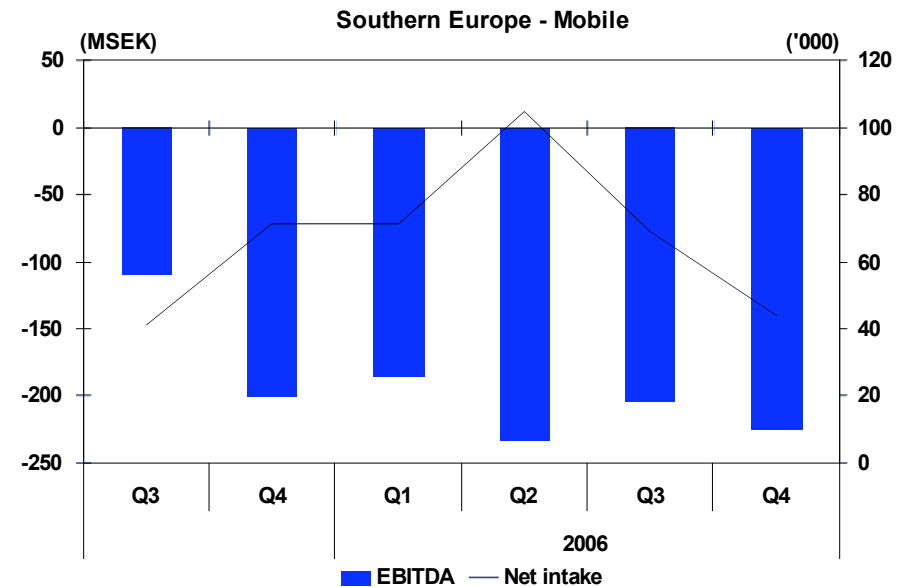
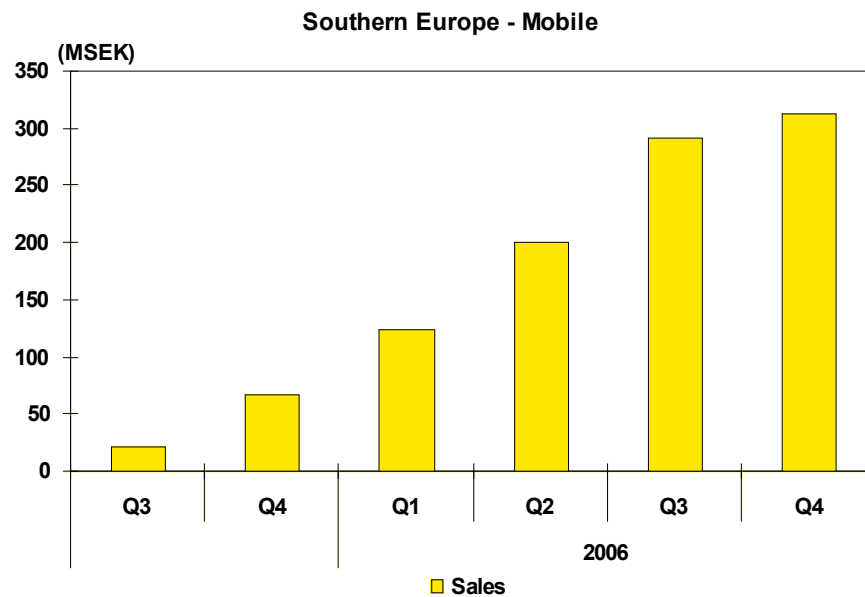
NORDIC EXCL. SWEDEN MOBILE SALES +30 %



Adjusted for Tele2/Telenor MVNO accounting

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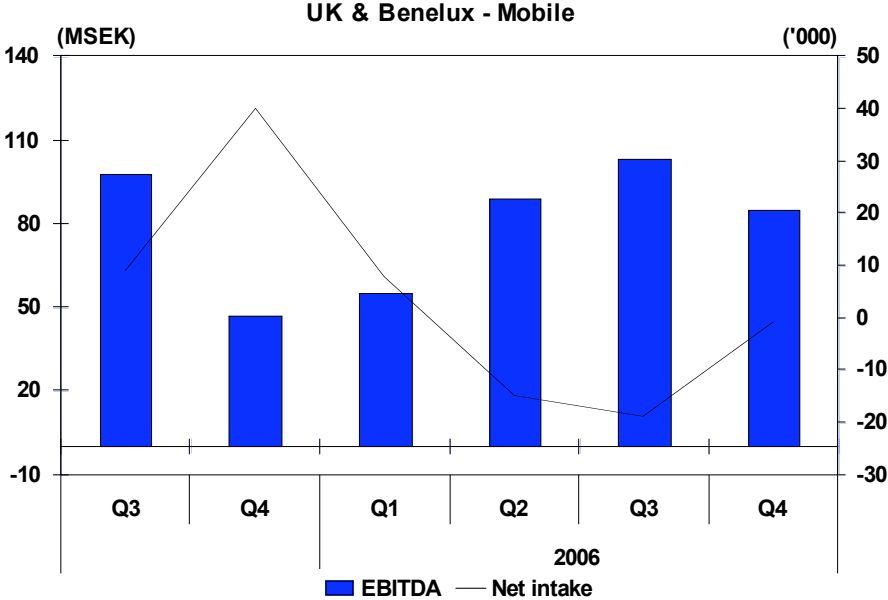
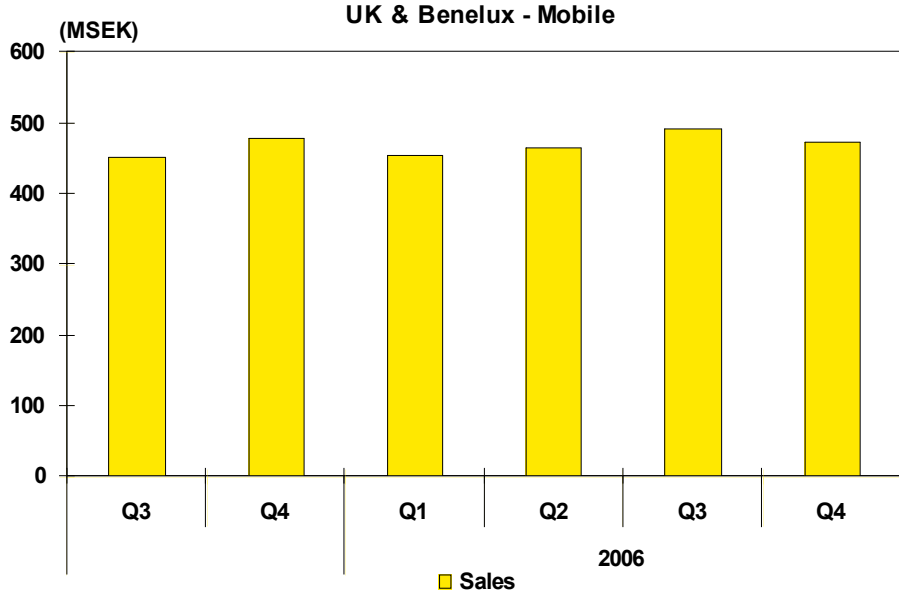
SOUTHERN EUROPE MOBILE SALES



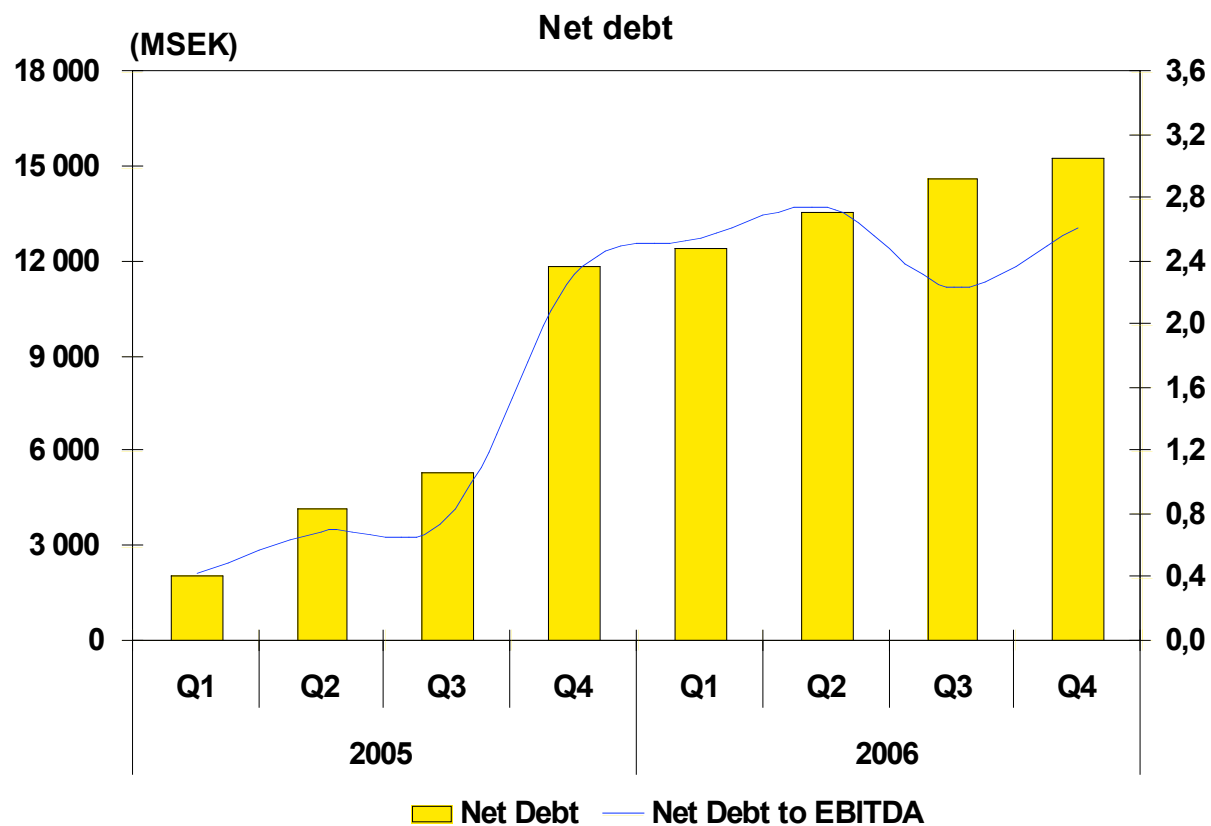
- More than 400,000 MVNO customers in France vs. 350,000 at end Q3 2006

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UK & BENELUX MOBILE SALES -1 %



NET DEBT



- Q4 2006 excludes proceeds from divested operations in France, which will have a Net Debt effect of 3,3 billion SEK

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DO NOT FORGET



Visit www.tele2.com

- Conference call today at 16.00 CET
- Web-cast at www.tele2.com
- Q1 2007: 25 April 2007

Contacts

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