Q2 2006
Financial Report

Lars-Johan Jarnheimer
President and CEO

Q2 2006 - Overview

	Q2 2006	Difference to Q2 2005	
Revenues (MSEK)	13,482	+1,439	+12%
EBITDA (MSEK)	1,397	-292	-17%
Customer Net Additions (thousands)	416*	-306	-42%

*excluding impact of Czech Republic

- Key points
  - Revenue growth of 12%
  - Outstanding performance in mobile – revenues up 29%
  - 986,000 new mobile customers added in the quarter
  - E.ON Bredband planned acquisition in Southern Sweden announced
  - Broadband intake slower than anticipated due to backlog and slow provisioning by incumbents
  - Fixed line churn was high – market clearly in structural decline
  - Further disclosure and transparency on our broadband business
  - Post Q2: deal with QSC to create “Plusnet” a broadband provider in Germany

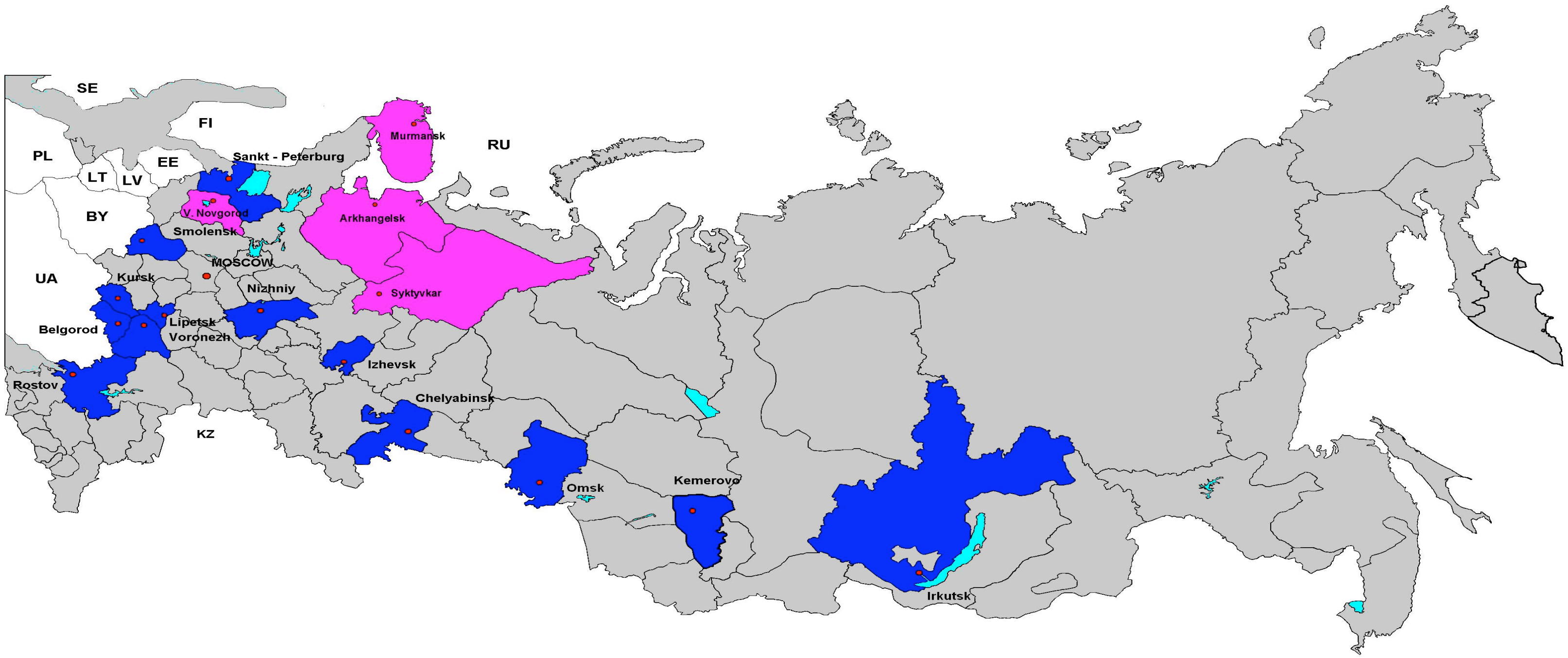
- In the remainder of 2006 focus is on:
  - Increased marketing of broadband and mobile products across Europe
  - Accelerating broadband customer intake

Q2 2006 - Key developments

- Guidance: maintained for EBITDA (FY2006 between 5,500 and 6,000 MSEK) and for CAPEX (FY2006 between 5,500 and 6,000 MSEK). However, revenue guidance is reduced from 16% growth to between 11% and 14% for FY2006.
- Mobile:
  - Strong performance with mobile revenues rising 29% year on year
  - Russia: very strong all round results – post Q2 acquisition of four more operations in Northwest Russia
  - French MVNO now has over 300,000 customers
- Broadband:
  - Planned acquisition of E.ON Bredband in Southern Sweden and post Q2 a deal with QSC in Germany was announced
  - Customer intake impacted by delays due to backlog and slow processing of orders by incumbents
- Fixed
  - Fixed telephony churn was high, resulting in loss of 701,000 customers

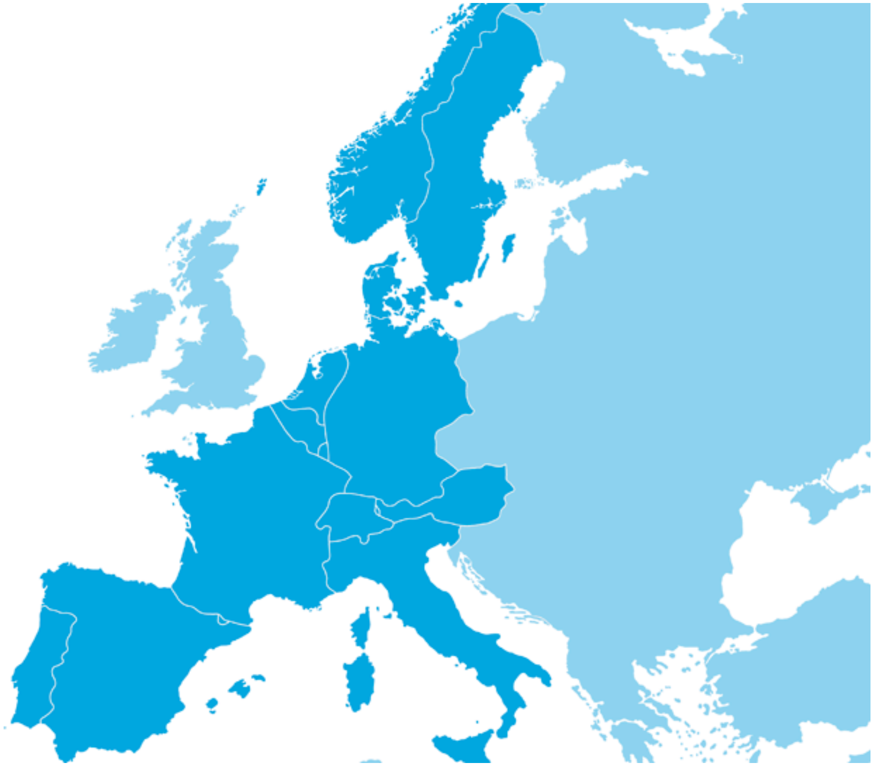
Russia – Strong performance continues

- Russia Q2 revenues grew 156% to MSEK 568
- Q2 EBITDA margin was 13% compared to -18% one year ago
- The number of customers rose 136% to 4.6 million
- Post Q2 in early July: acquisition of four mobile operations in North-West Russia
- Tele2 consolidated its position as the fourth largest operator in Russia



Broadband – Increased disclosure

- Tele2's broadband footprint is in 13 countries



- We have 1,050,000 wholesale broadband customers and 630,000 direct access & LLUB customers (now split to provide greater transparency)
- We added 131,000 broadband customers in Q2
- Slower intake than anticipated due to backlog as well as incumbent delays in processing orders and inaccurate forecasting
- France: soft launch of triple play towards end of Q2
- Planned acquistion in Sweden and deal in Germany
- **Broadband push will accelerate**

Broadband – E.ON Bredband in Southern Sweden

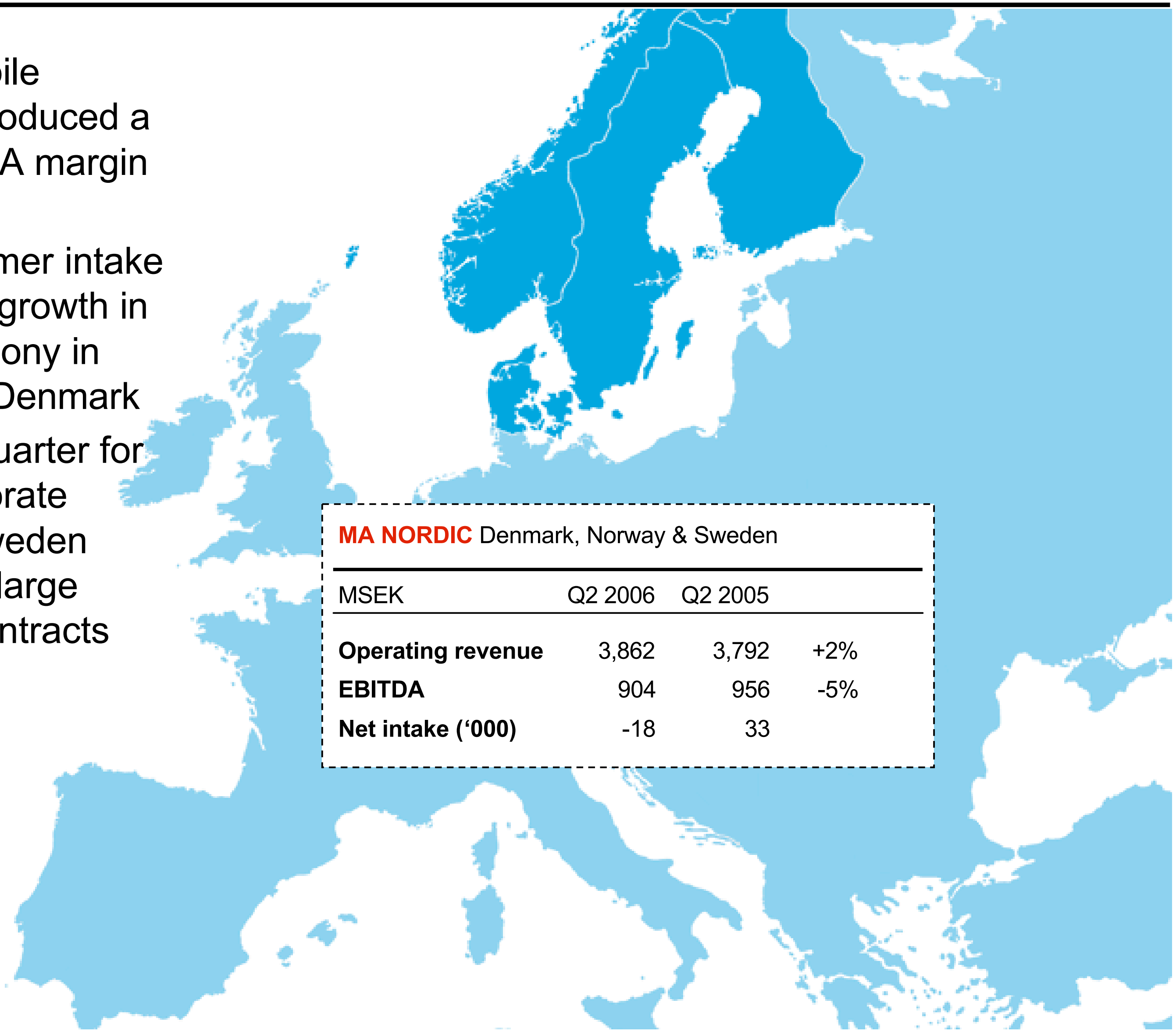
- Tele2 has announced its intention to acquire 75.1% of E.ON Bredband, a leading broadband provider in Southern Sweden
- E.ON Bredband has a substantial network in Southern Sweden, capable of providing high speed broadband services and triple play services to more than 500,000 customers
- Substantially strengthens our position in broadband in Southern Sweden both in capability and in time to market
- Tele2 is paying MSEK 409 and assuming a net debt of approximately MSEK 90 for its 75.1% stake in E.ON Bredband
- Synergies expected to reach MSEK 25 one year after acquisition and integration costs will be around MSEK 35 over two years
- Acquisition will be completed on or around August 1, 2006

Broadband – Joint venture in Germany with QSC

- In early July, Tele2 and QSC announced they had created a joint venture company "Plusnet" to provide broadband access in Germany
- Plusnet is jointly controlled by both parties with ownership split 32.5% for Tele2 and 67.5% for QSC
- Plusnet has over 1000 Central Offices (CO's), currently covering over 30% of the German population, which it will upgrade to ADSL2+
- Tele2 will invest €50m in Plusnet to increase the number of CO's to around 2000 by the end of 2007 covering roughly 50% of German households
- Plusnet will provide both companies with a platform for high speed broadband ULL access at a low cost
- With this JV Tele2: saves over €50m in investment costs; reduces OPEX by around €10m per annum from 2007; can launch a ULL offer 12-18 months than would otherwise have been possible
- This is a great agreement for both Tele2 and QSC

Nordic

- Swedish mobile operations produced a stable EBITDA margin of 44%
- Strong customer intake and revenue growth in mobile telephony in Norway and Denmark
- Successful quarter for Tele2's corporate division in Sweden which won a large number of contracts

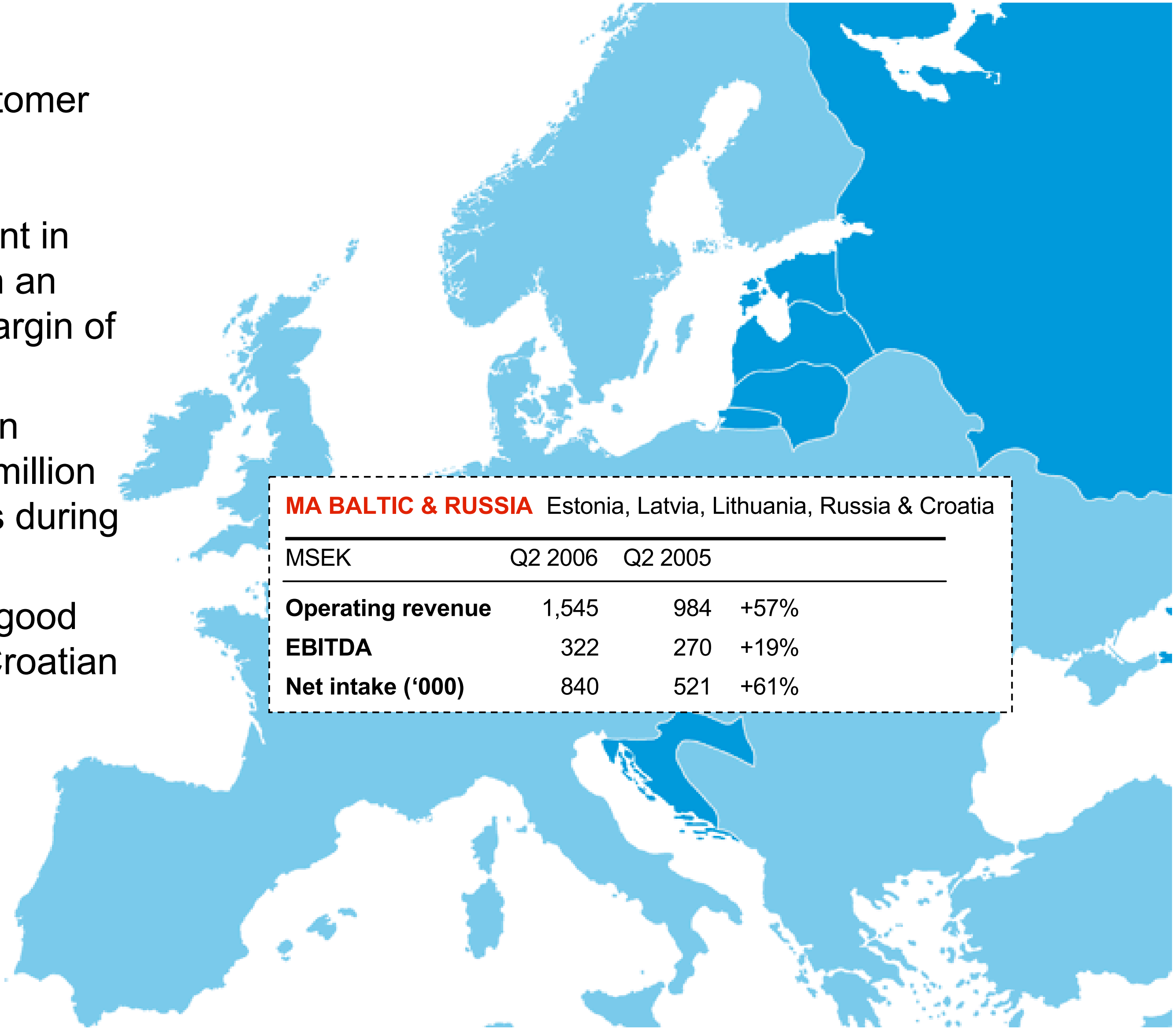


MA NORDIC Denmark, Norway & Sweden

MSEK	Q2 2006	Q2 2005	
Operating revenue	3,862	3,792	+2%
EBITDA	904	956	-5%
Net intake ('000)	-18	33	

Baltic & Russia

- Strong customer intake and profitability improvement in Russia with an EBITDA margin of 13%
- Baltic region reached 3 million subscribers during the quarter
- Continued good growth in Croatian operations

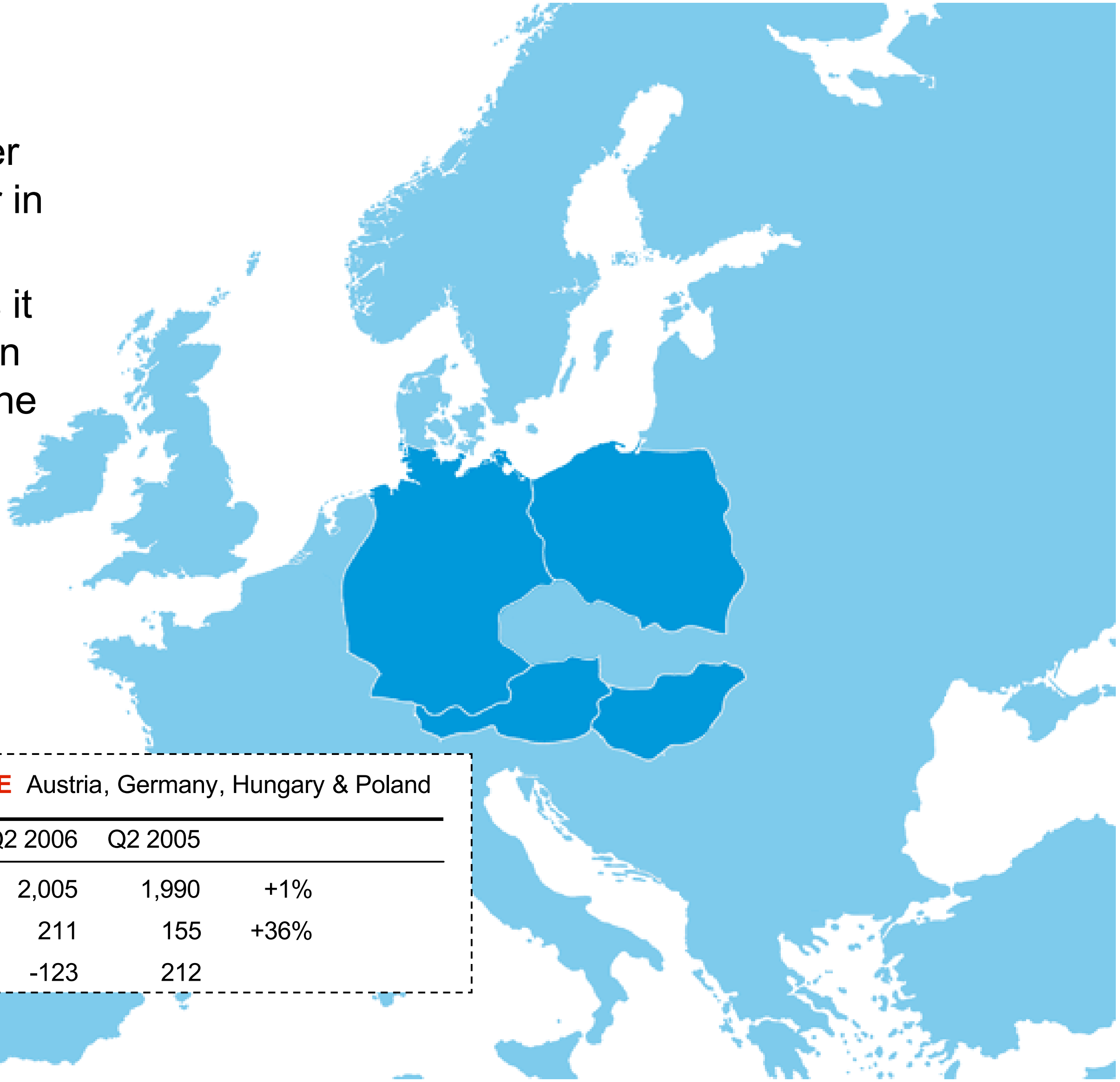


MA BALTIC & RUSSIA Estonia, Latvia, Lithuania, Russia & Croatia

MSEK	Q2 2006	Q2 2005	
Operating revenue	1,545	984	+57%
EBITDA	322	270	+19%
Net intake ('000)	840	521	+61%

Central Europe

- Maintained strong position as number one CPS operator in Germany
- Tele2 strengthens it broadband position in Germany with the joint venture with QSC in July
- Tele2 divested its operations in the Czech Republic

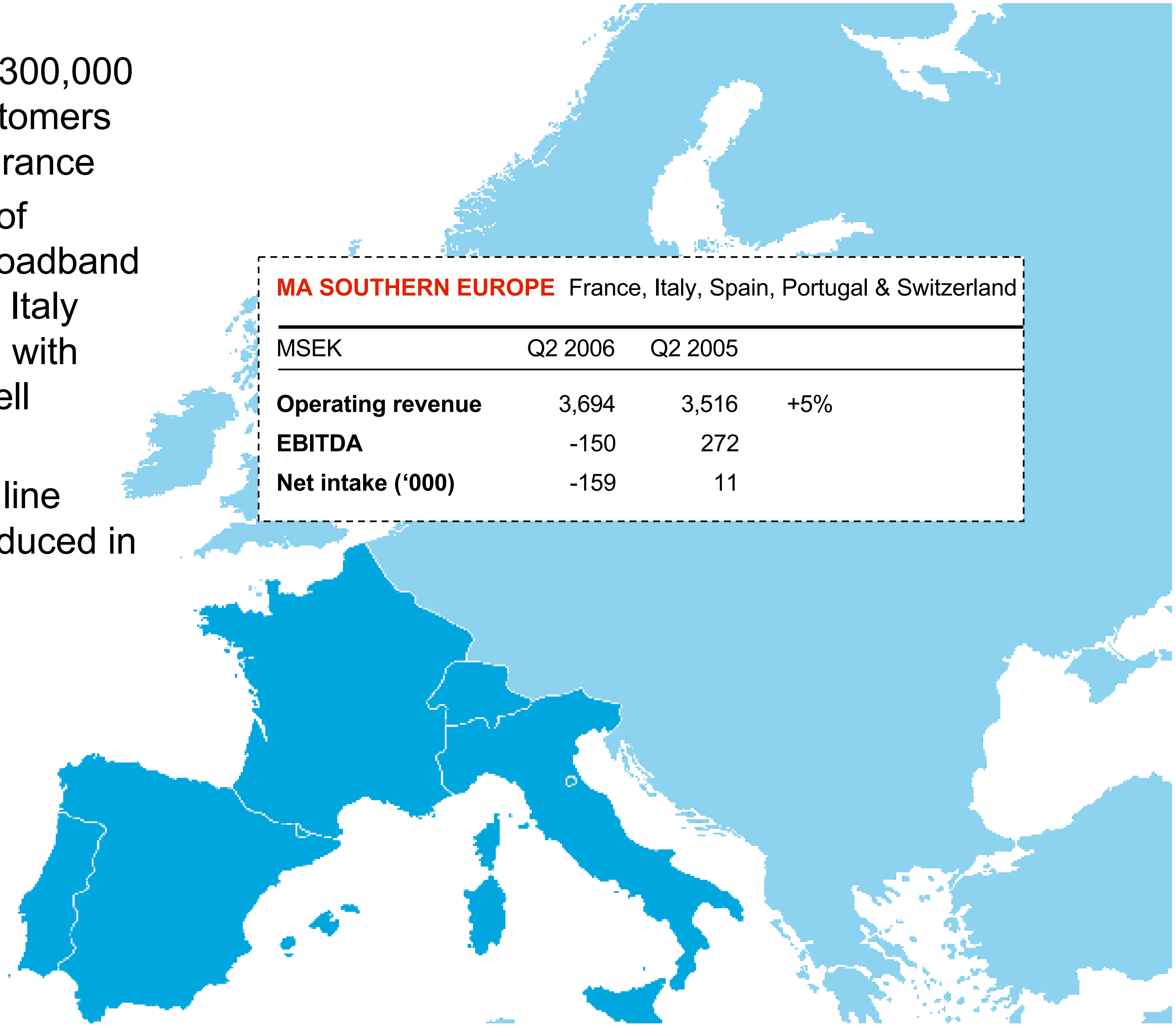


MA CENTRAL EUROPE Austria, Germany, Hungary & Poland

MSEK	Q2 2006	Q2 2005	
Operating revenue	2,005	1,990	+1%
EBITDA	211	155	+36%
Net intake ('000)	-123	212	

Southern Europe

- More than 300,000 mobile customers in total in France
- Over 75% of planned broadband build out in Italy completed, with services well received
- Wholesale line rental introduced in Portugal

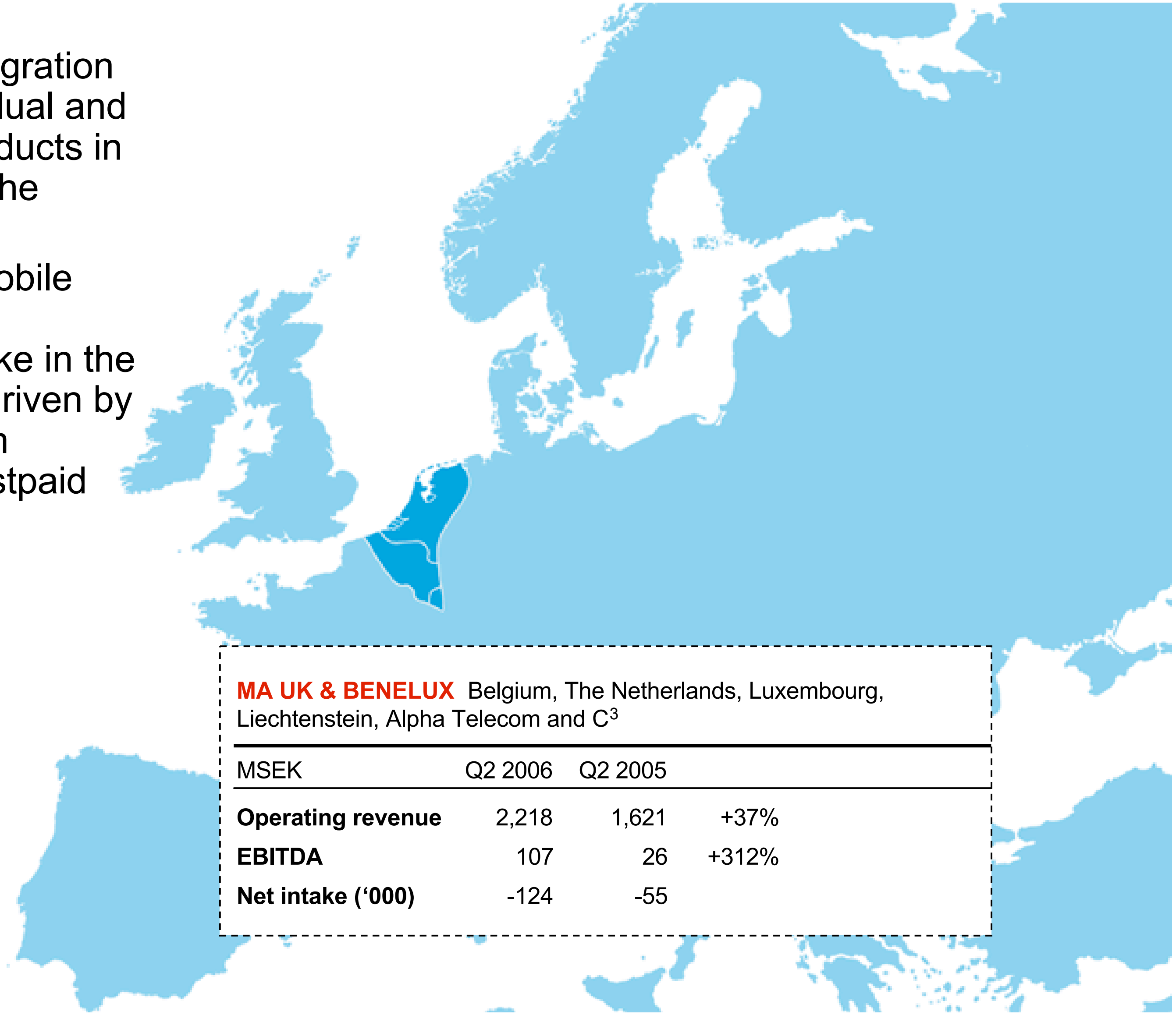


MA SOUTHERN EUROPE France, Italy, Spain, Portugal & Switzerland

MSEK	Q2 2006	Q2 2005	
Operating revenue	3,694	3,516	+5%
EBITDA	-150	272	
Net intake ('000)	-159	11	

UK & Benelux

- Successful migration from CPS to dual and triple play products in Belgium and the Netherlands
- Increase in mobile revenues and customer intake in the Netherlands driven by migration from prepaid to postpaid



MA UK & BENELUX Belgium, The Netherlands, Luxembourg, Liechtenstein, Alpha Telecom and C3

MSEK	Q2 2006	Q2 2005	
Operating revenue	2,218	1,621	+37%
EBITDA	107	26	+312%
Net intake ('000)	-124	-55	

Q2 2006
Financial Report

Håkan Zadler
CFO

Financial overview for Q2 2006

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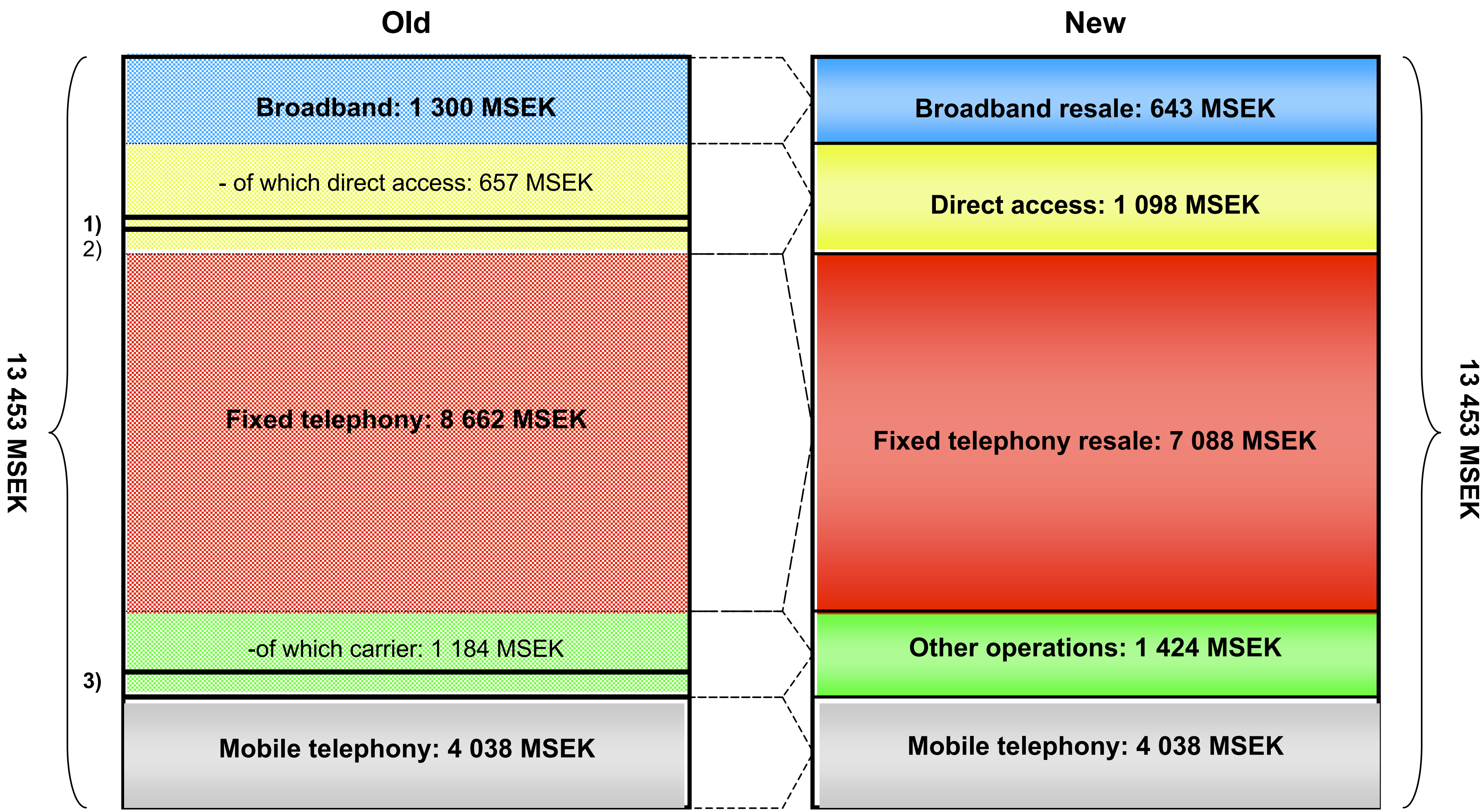
Revenues (MSEK)	13,482	1,439	12%
EBITDA (MSEK)	1,397	-292	
CAPEX (MSEK)	1,374	513	
Customer Net Additions (thousands)	416	-306	

Definition of Segments

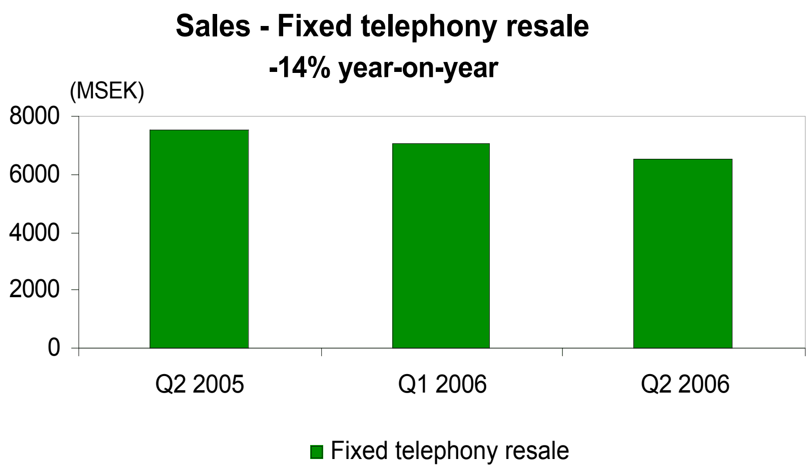
- Mobile telephony - Owned network, Service Provider and MVNO
- Fixed telephony resale – Traditional fixed voice telephony, WLR, Dial-up and related services
- Broadband resale - Resold ADSL
- Direct access - LLUB and direct access to residential and corporate customers, including dual- and triple play, Cable TV
- Other operations - Carrier and other operations

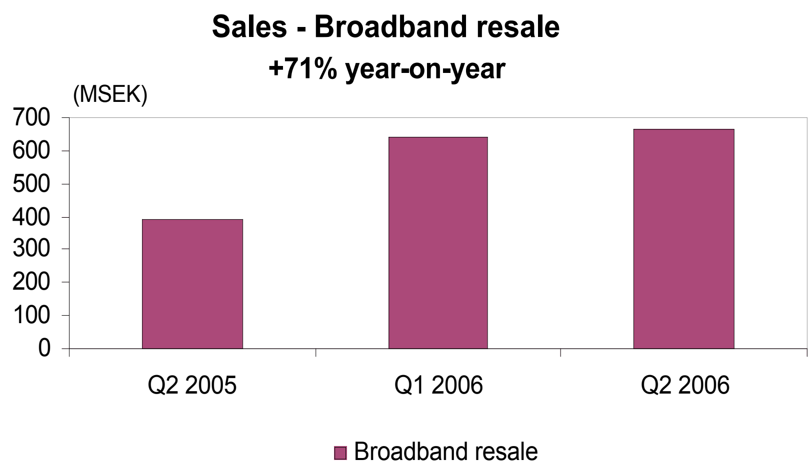
Division of Segments – comparison of Q1 2006 figures

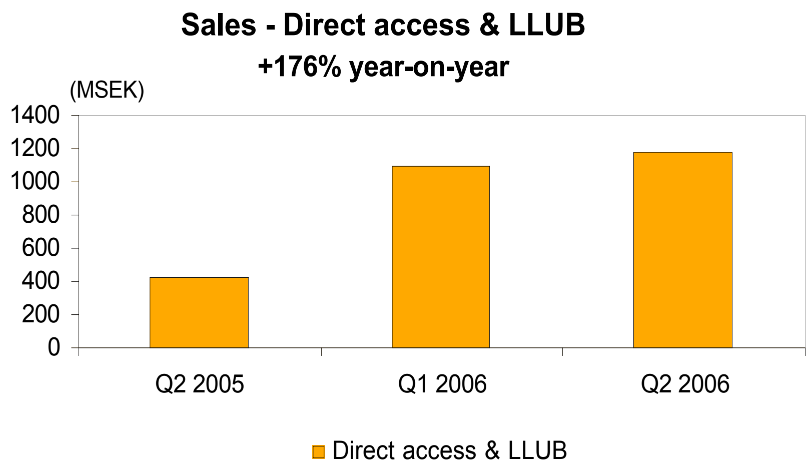


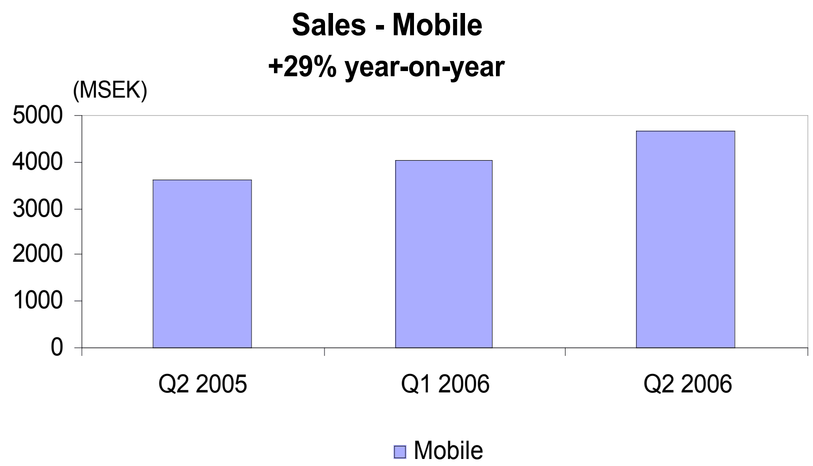
1) **Cable-TV: 55 MSEK**
2) -of which direct access: 390 MSEK
3) **Other operations: 236 MSEK**

Operating Revenue per Segment

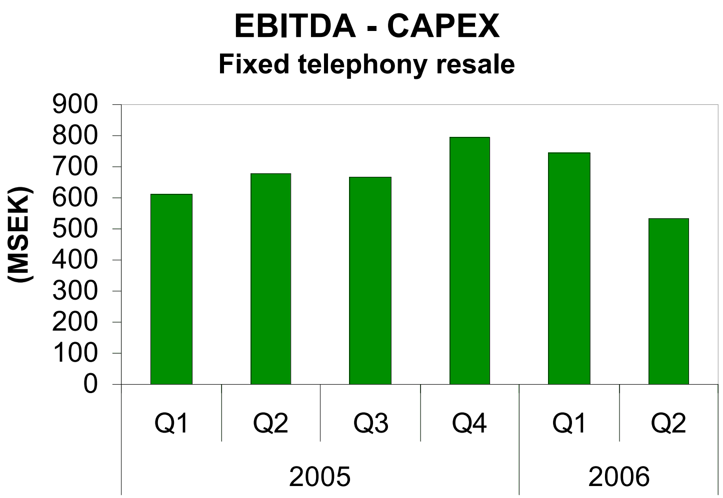


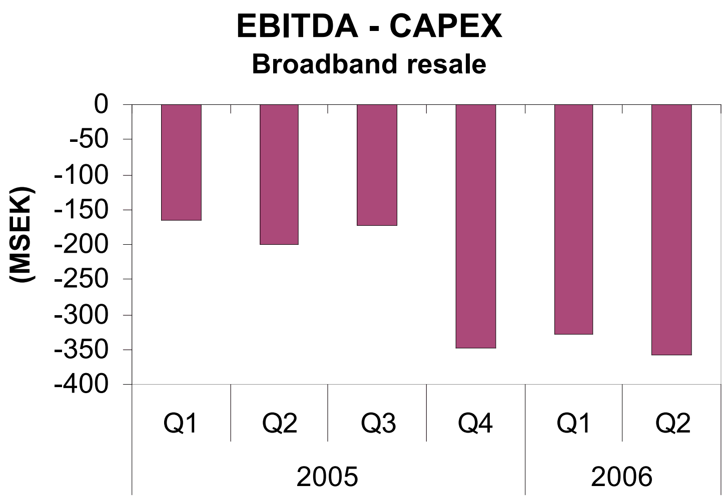


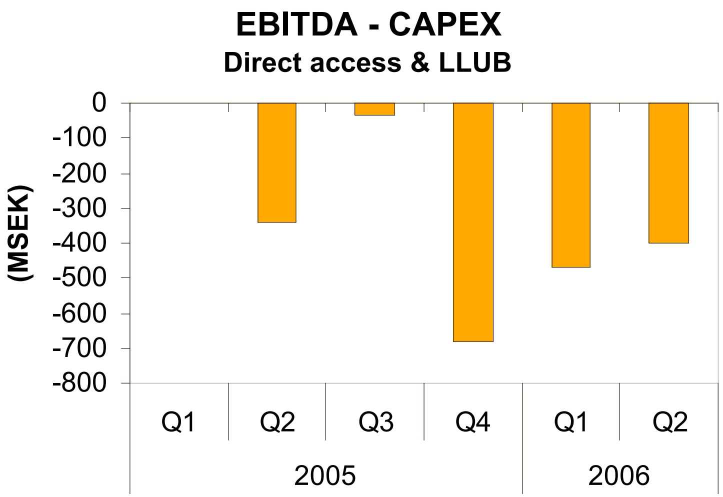


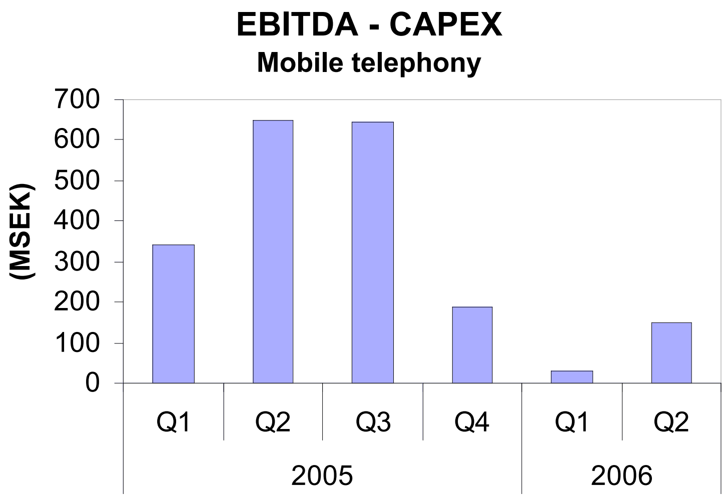


EBITDA – CAPEX

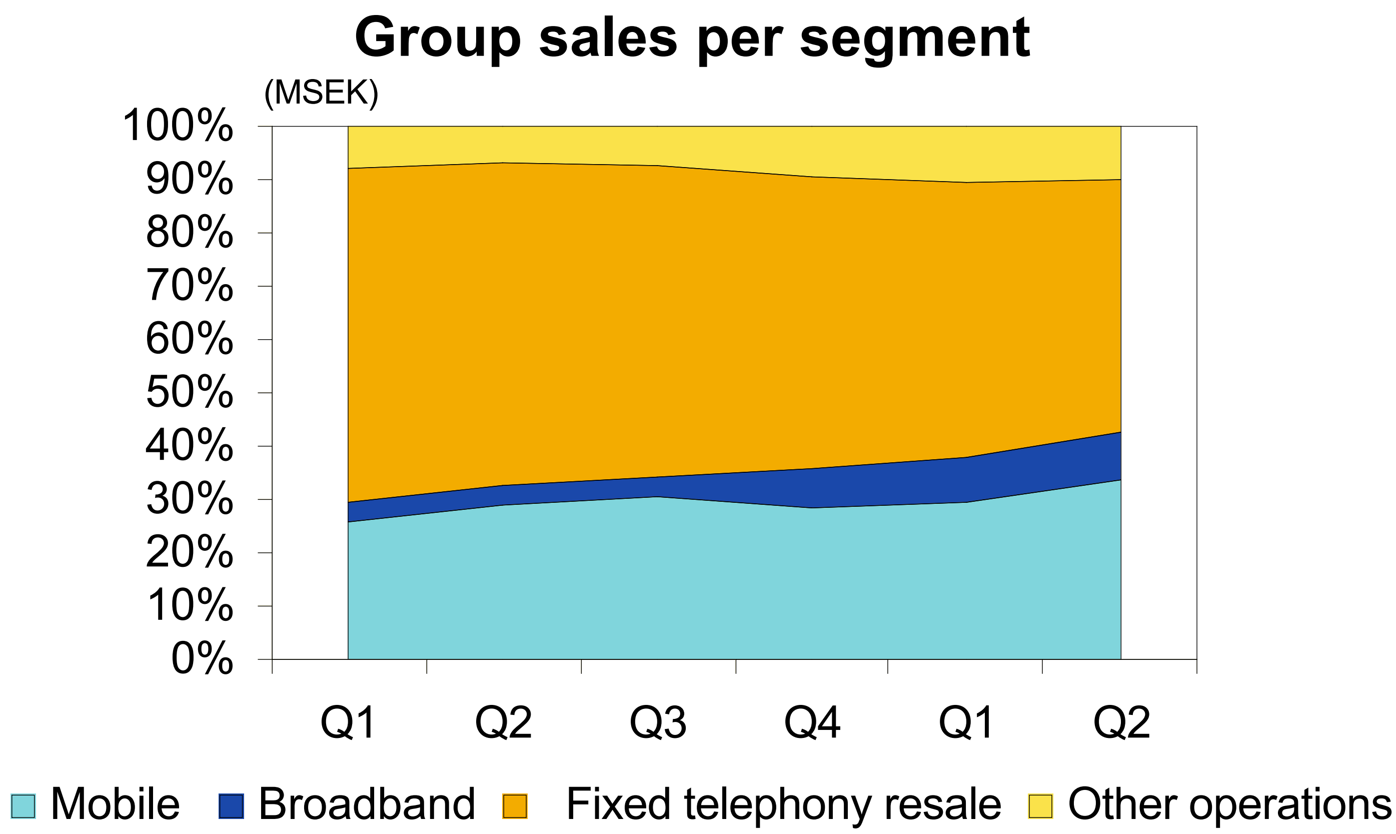




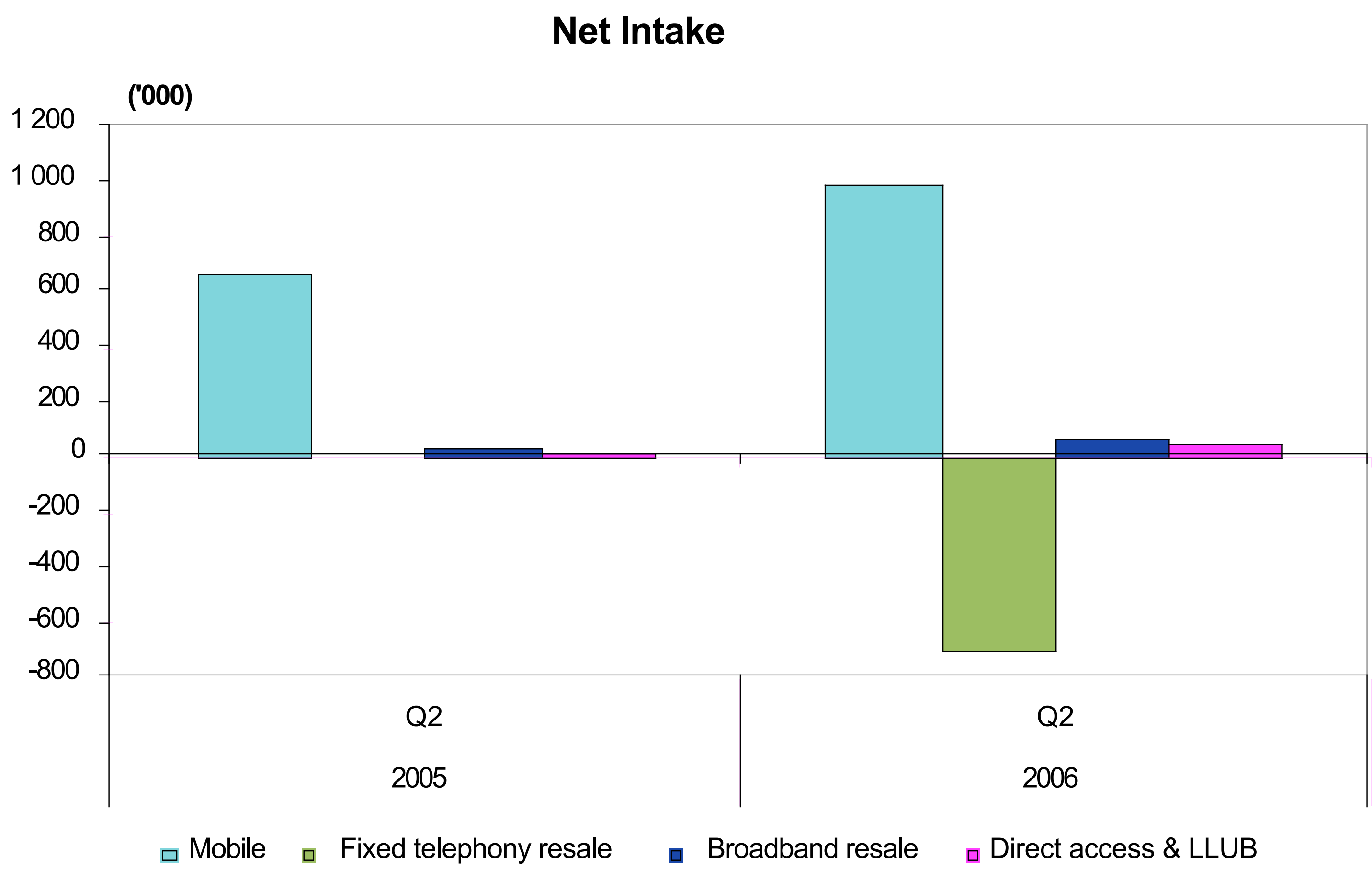




Group Sales - Trend



Customer net intake



ARPU per Segment

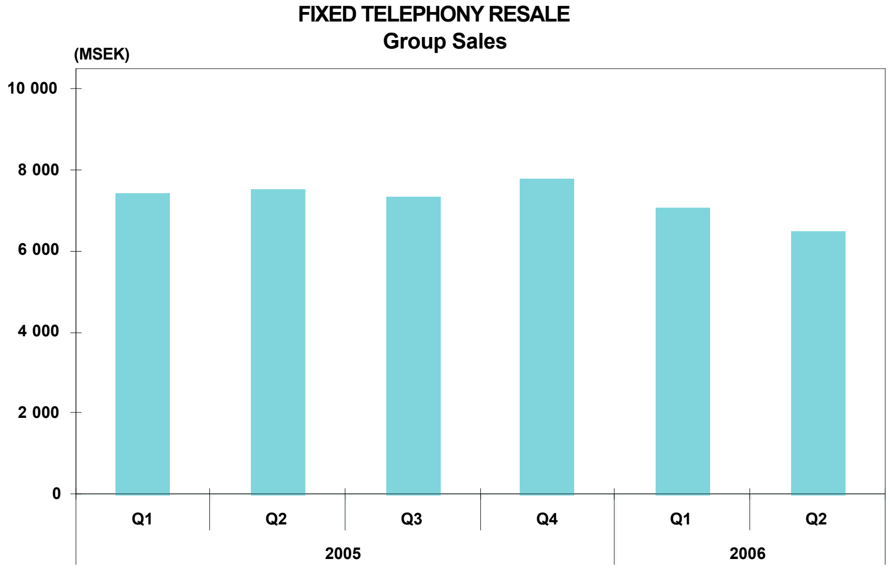
(SEK)	Q2 2005	Q2 2006
Mobile	132	119
Fixed telephony	138	133
Broadband resale	208	212
Direct access & LLUB	470	648

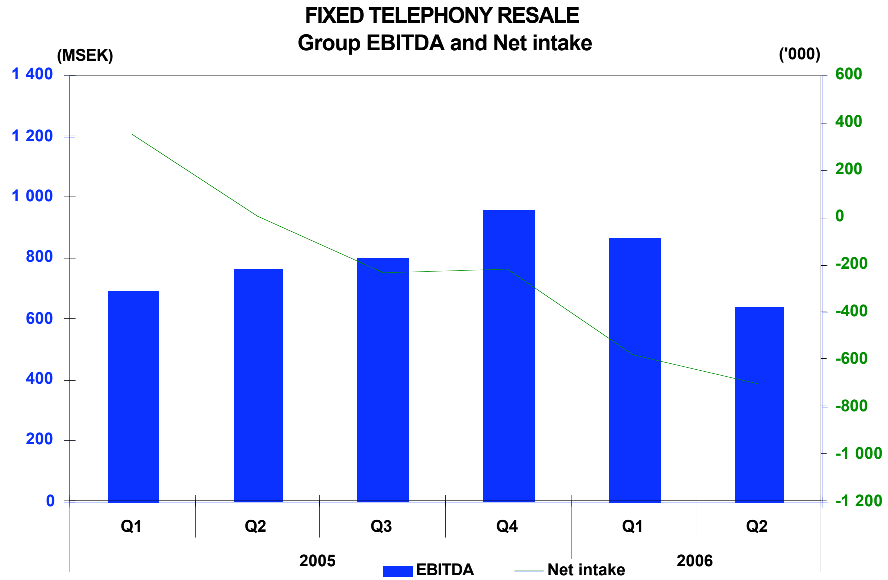
ARPU - Group

Q2 2005	Q1 2006	Q2 2006	(SEK)
141	139	140	

- ARPU stable at 140 (141)
- Dilution from high growth in low ARPU regions, particularly Russia, offset by increased intake of broadband customers

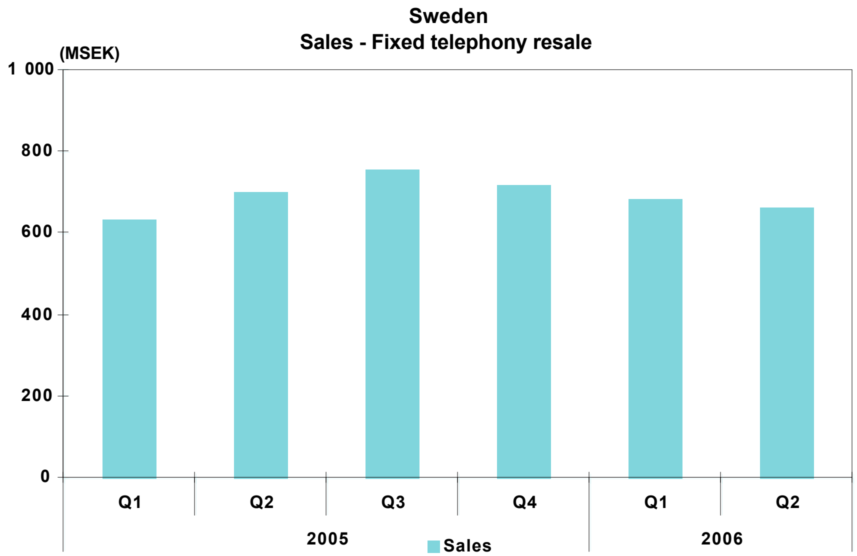
Fixed Telephony resale sales -14%

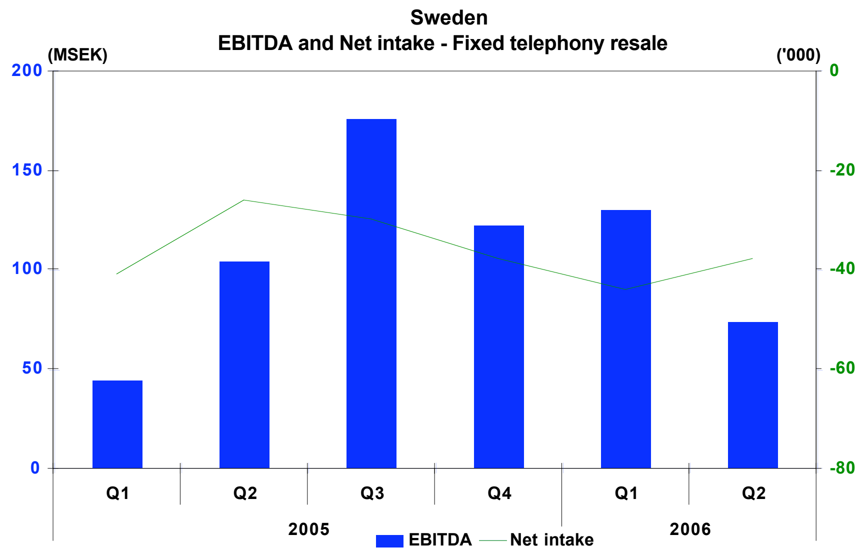




- EBITDA margin stable at 10% (10%)

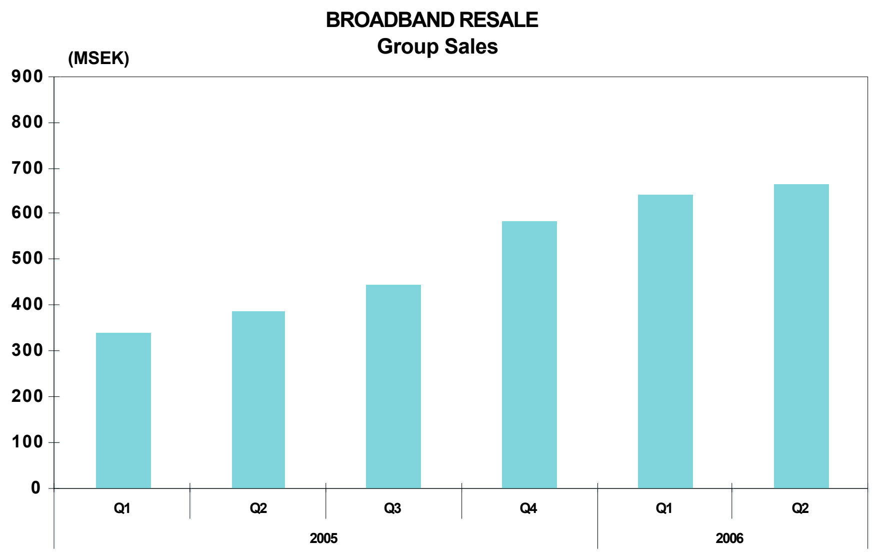
Sweden Fixed Telephony resale sales -6%

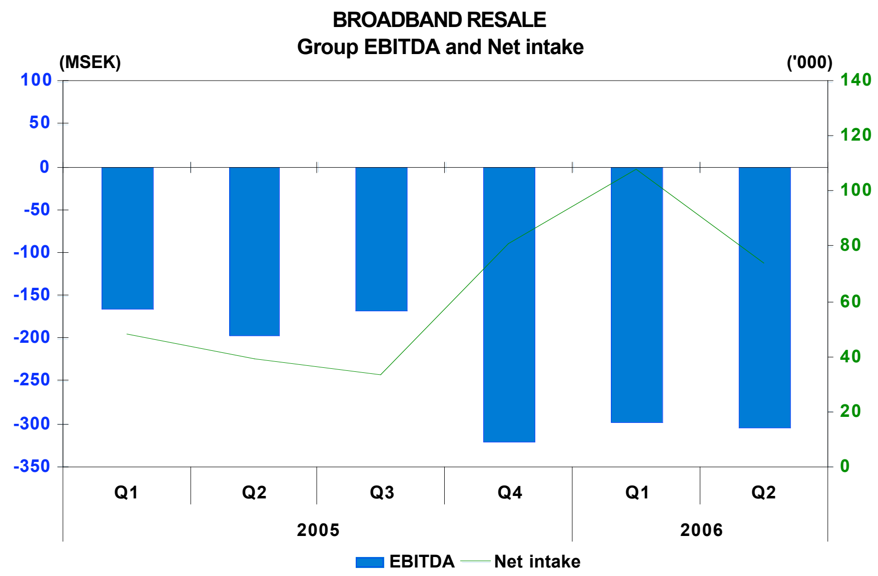




- Increasing element of bucket plans makes margins more volatile
- Increased sales cost within corporate segment

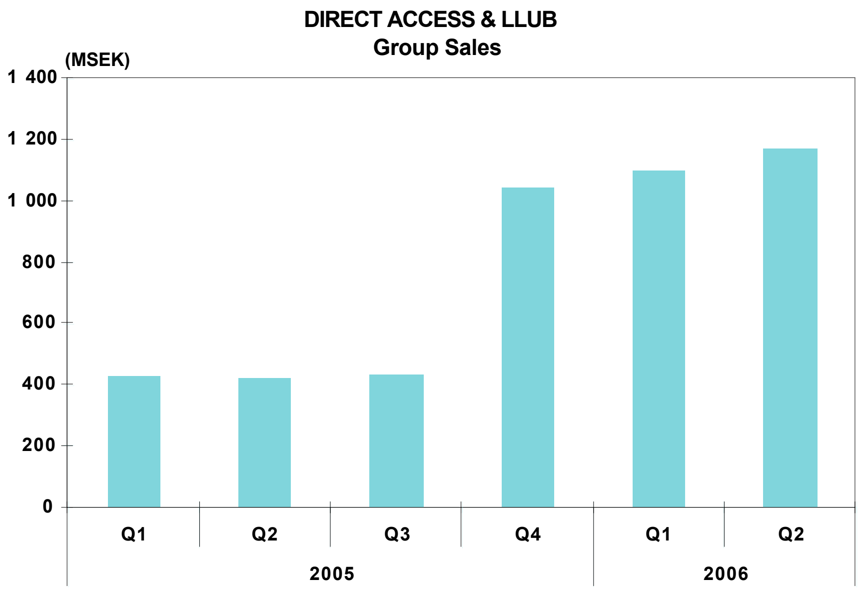
Group Broadband resale sales +71%

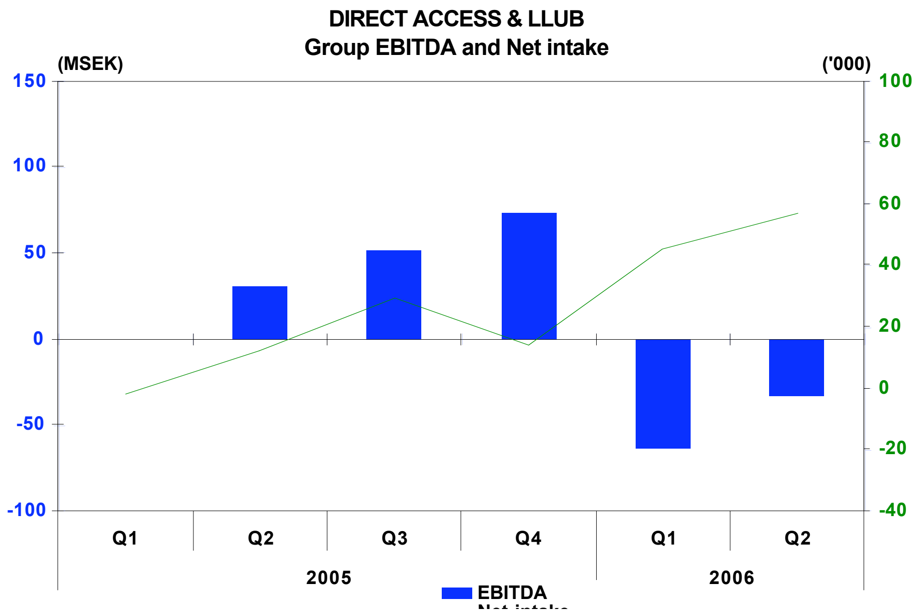




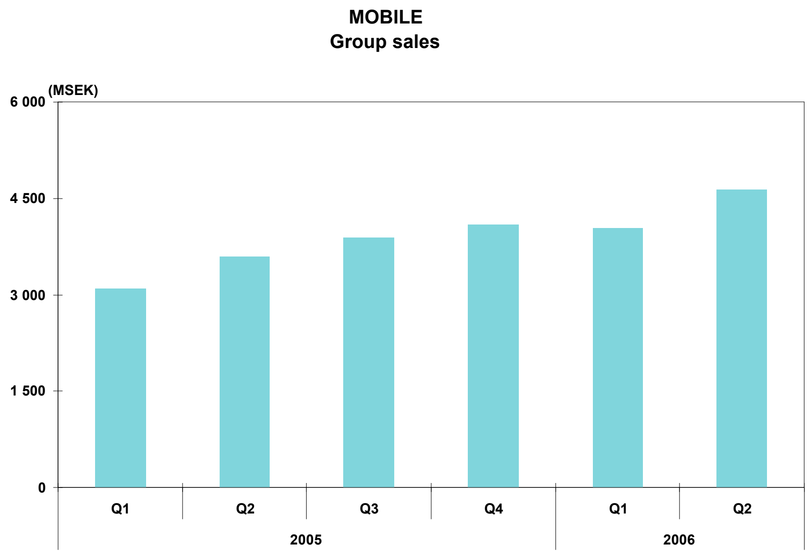
- Broadband foothold gained via resale. Aim is to migrate this customer base to LLUB.

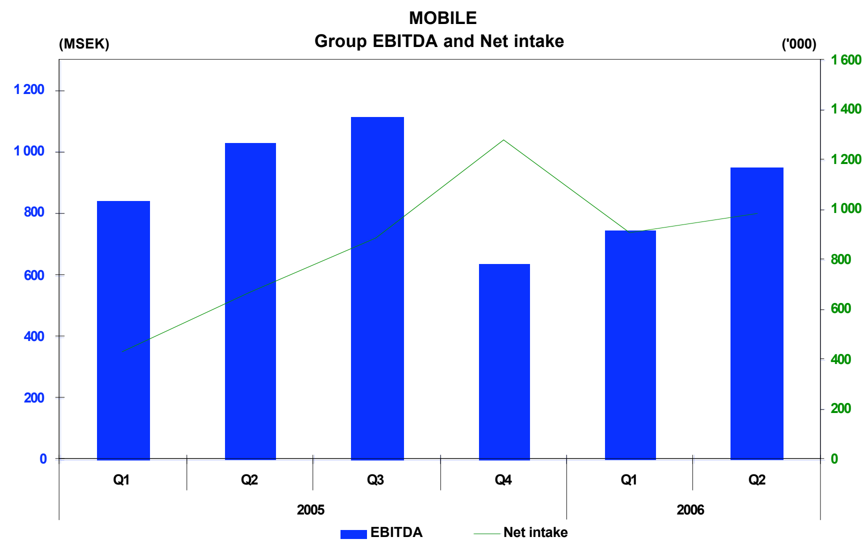
Group Direct Access & LLUB sales +176%





Mobile sales +29%



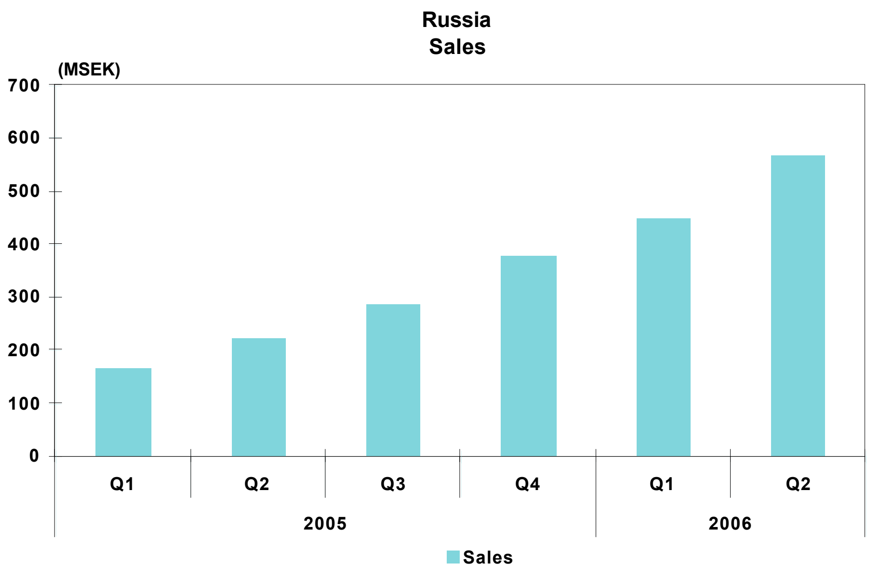


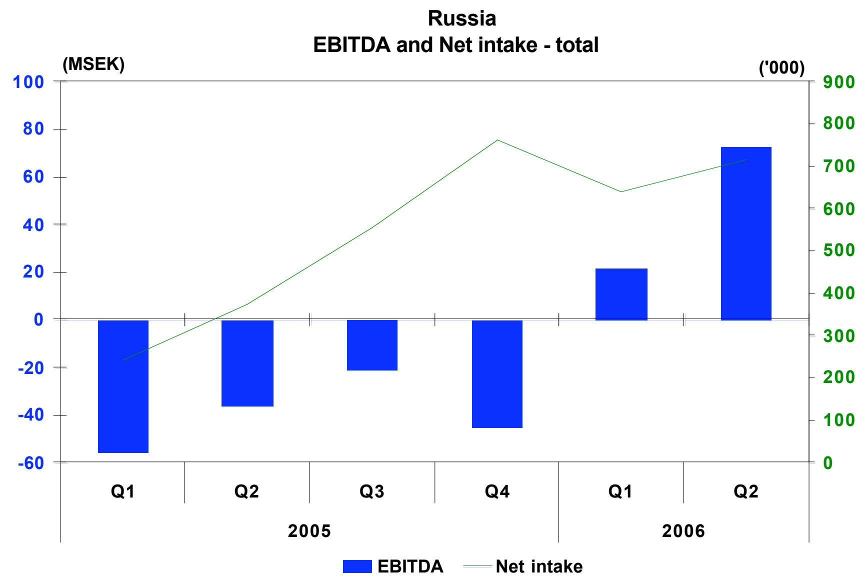
EBITDA impact from France & Croatia: -255 MSEK compared to Q2 2005.

Adjusted for non-recurring

Russia sales +156%

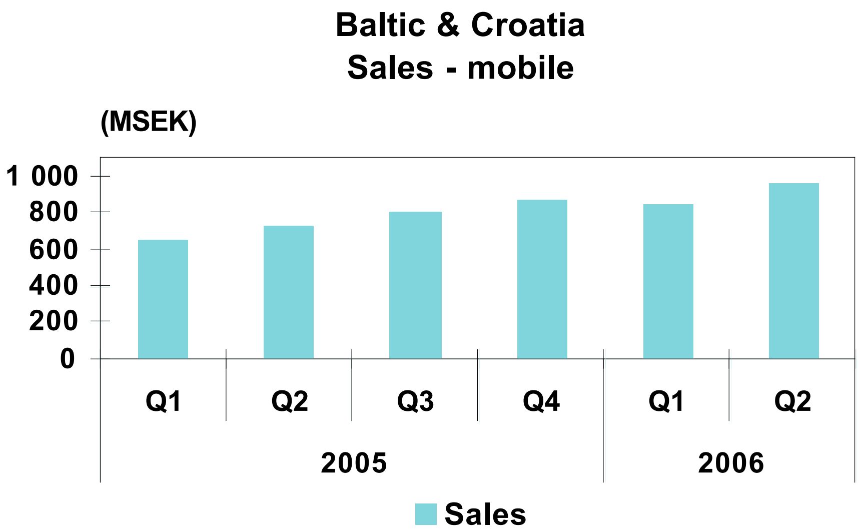
- Net intake of 715,000 customers to a total of 4,627,000 customers
- ARPU of 44 SEK in Q2 2006 compared to 42 SEK in Q2 2005
- EBITDA margin 13% (-18%)

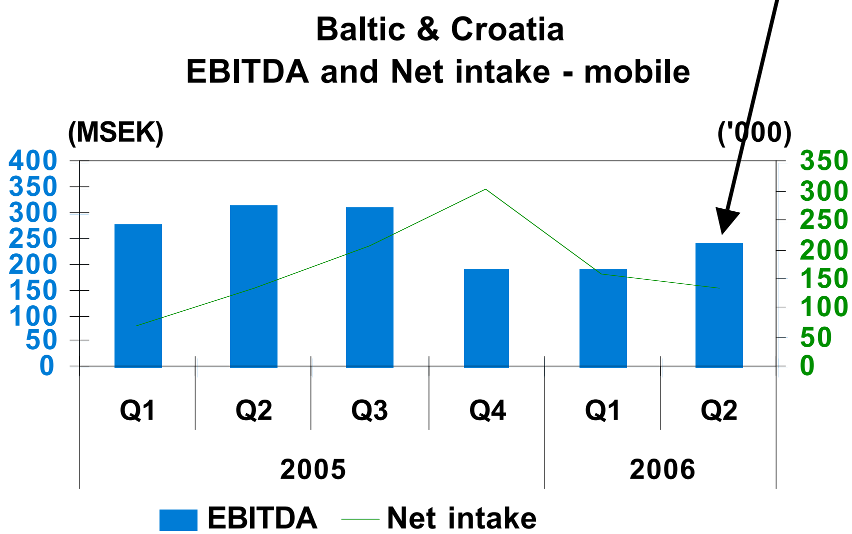




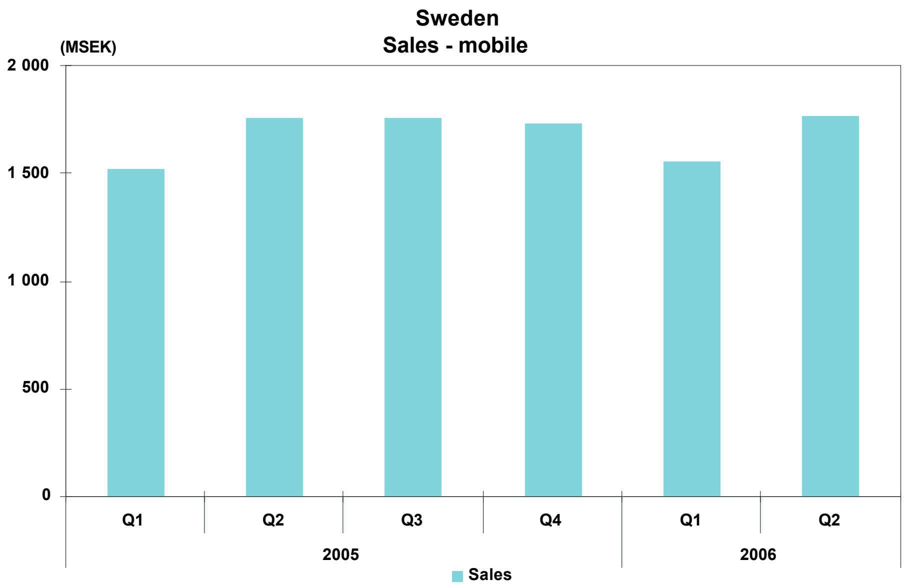
Baltic & Croatia Mobile sales +32%

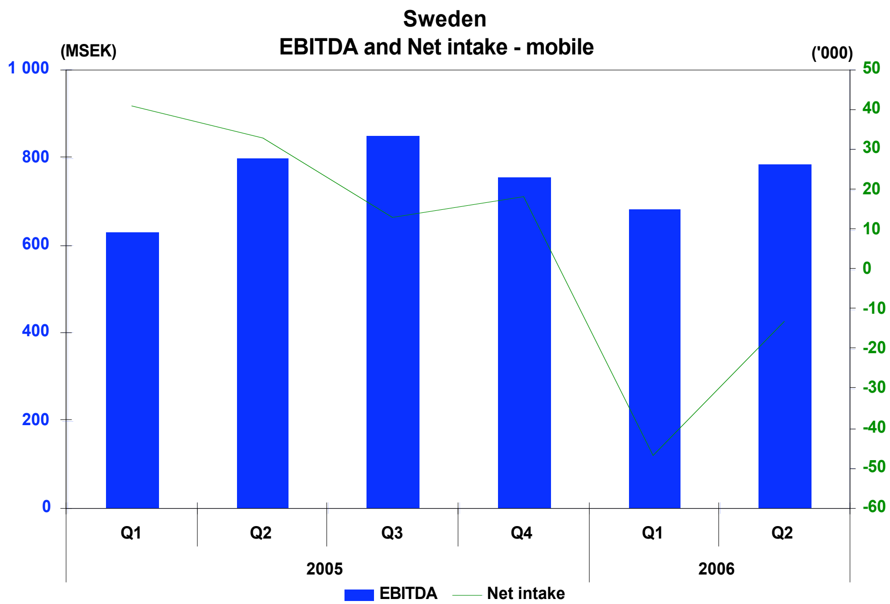
Mobile launch in Croatia – 108 MSEK





Sweden Mobile sales +1% & EBITDA -1%

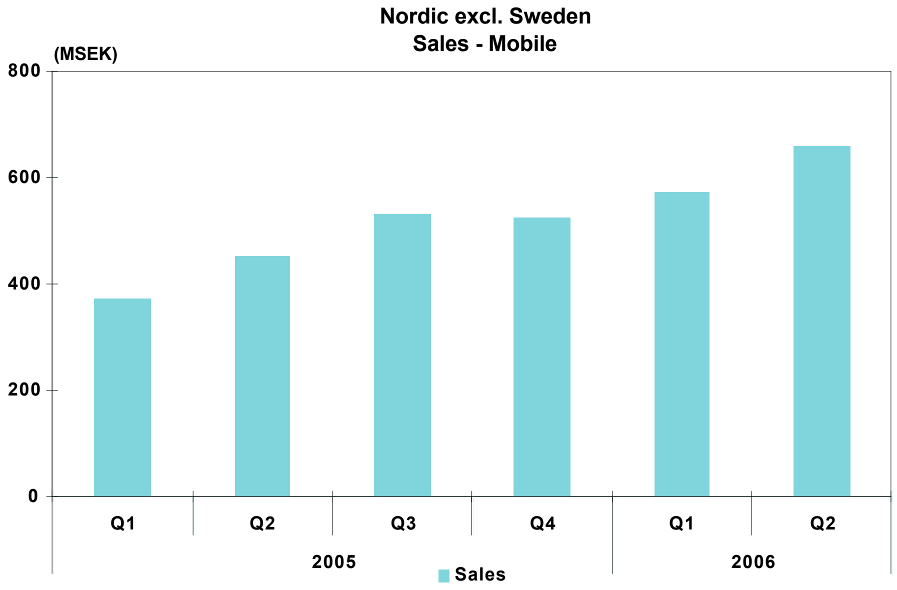


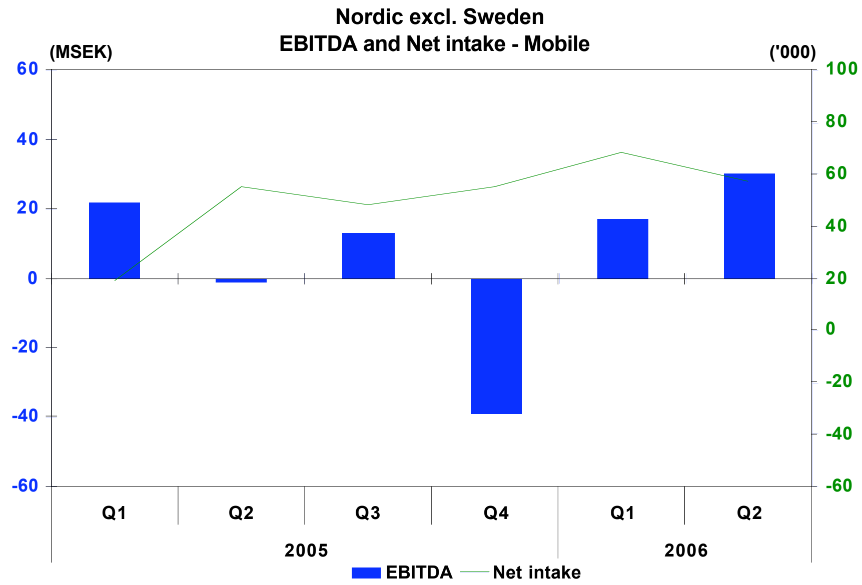


- EBITDA-margin stable at 44% (45%) due to continued low cost of sales
- Payment to Svenska UMTS-nät MSEK 51 (70)

Adjusted for non-recurring

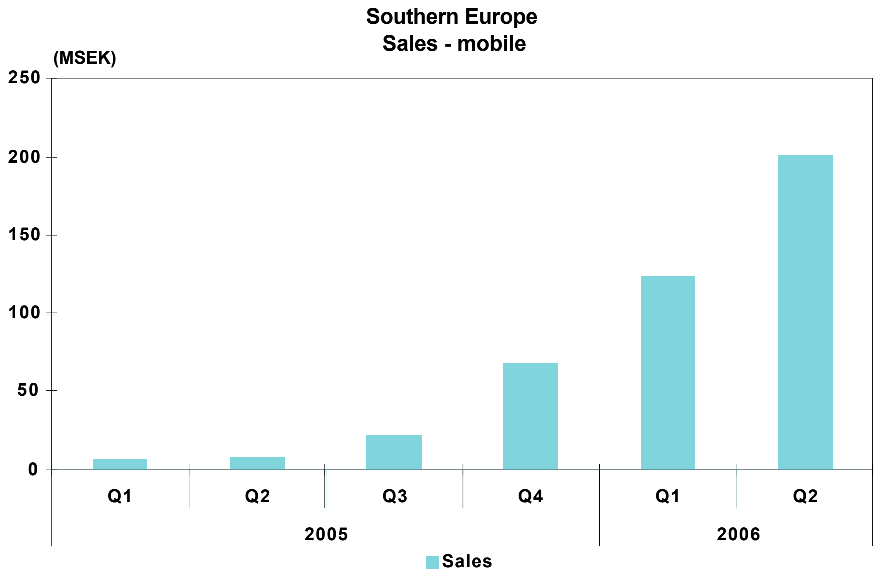
Nordic excl. Sweden Mobile sales +46%

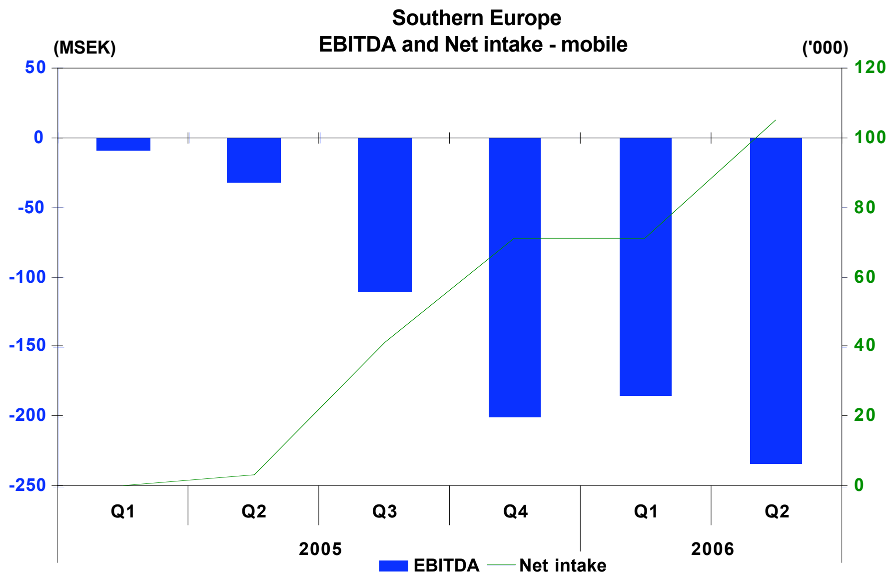




Adjusted for Tele2/Telenor MVNO accounting

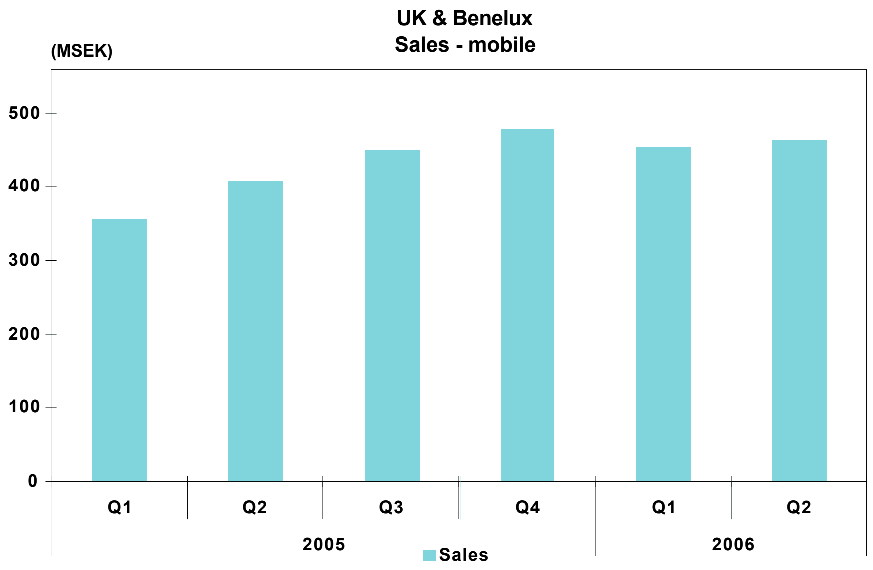
Southern Europe Mobile sales

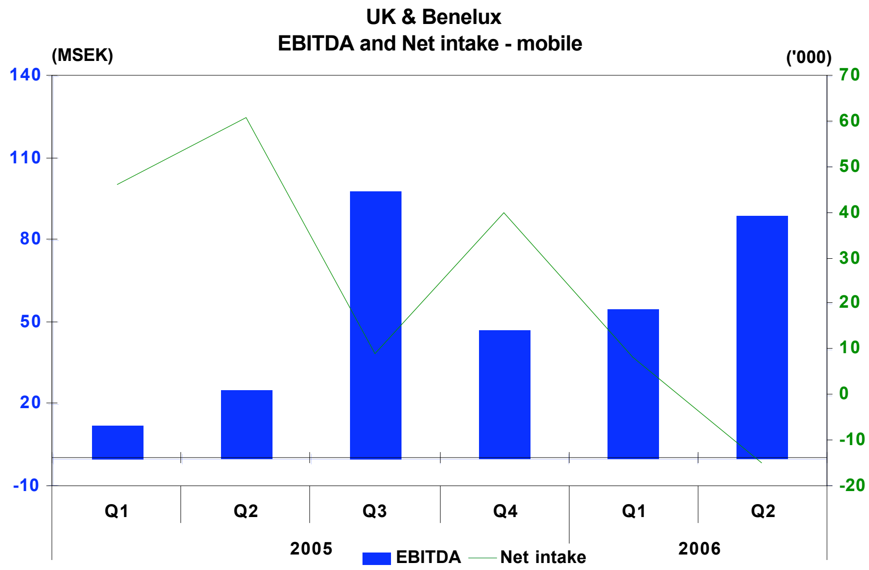




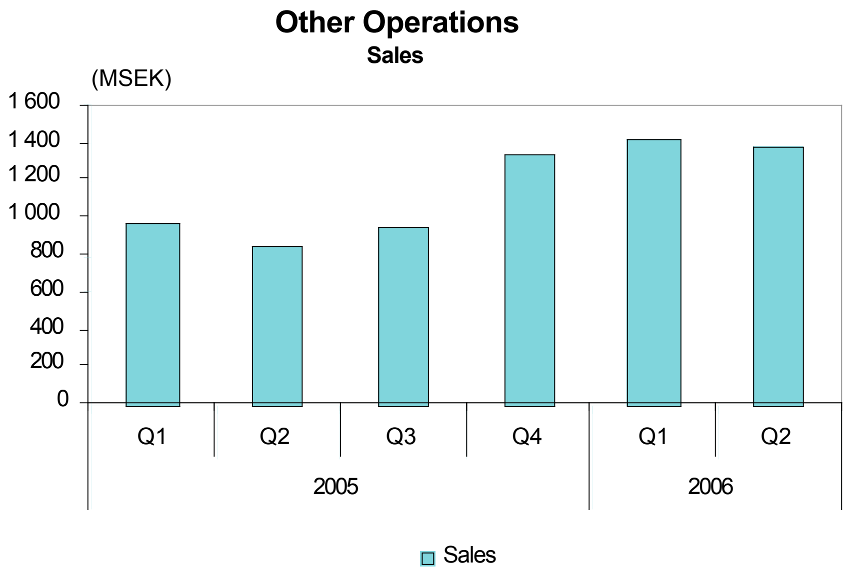
- 300,000 MVNO customers in France vs. 190,000 at end Q1 2006

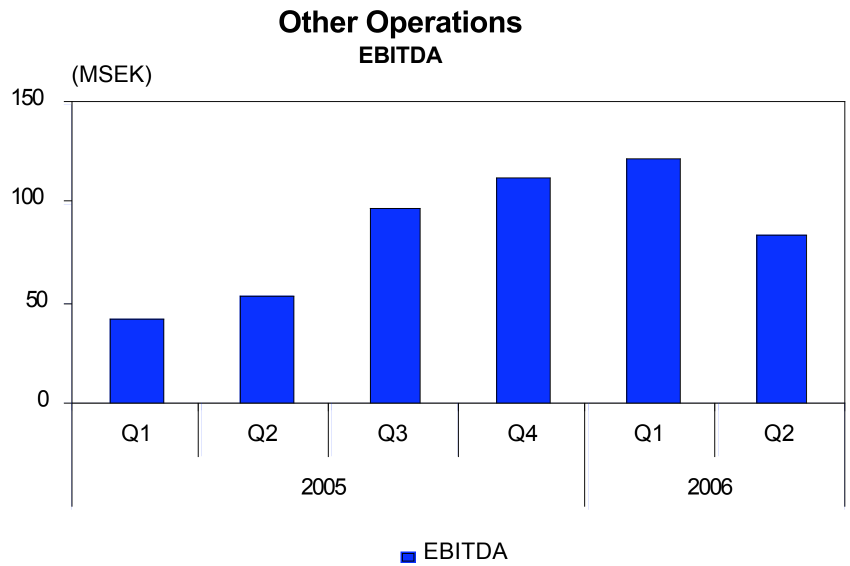
UK & Benelux Mobile sales +14%





Other Operations sale +62%





- Carrier and “old” other operations

Financial comments on the coming quarters

- Tele2 plans to continue broadband and mobile telephony investments and this will be reflected in the customer intake:
  - Mobile and broadband customers continue to increase while fixed intake will continue to fall
- Previous estimates of FY2006 EBITDA in the range SEK 5.5 to 6.0 billion and Capex in the range SEK 5.5 to 6.0 billion remain
- FY 2006 revenue growth revised down from 16%, to between 11% and 14%, due to developments in the fixed line business
- Short and medium term earnings developments much more dependent on the impact of marketing activities in broadband and mobile, rather than developments in fixed telephony
- Remain confident that profits levels will be significantly higher in 2007, assuming a normalized growth rate
- Our estimate of annual synergies of approximately MEUR 65 generated from the acquisitions of Versatel and Comunitel, after a two year integration period, remains

Don’t forget

VISIT WWW.TELE2.COM

- Conference call today at 16.00 CET
  WEBCAST AT WWW.TELE2.COM
- Q3 2006: November 1 2006

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