

FOURTH QUARTER AND FULL-YEAR RESULTS 2008

10 February 2008

TELE2

AGENDA

CEO review

Harri Koponen

Financial review

Lars Nilsson

Operating review of Mobile

Harri Koponen

Concluding remarks

Harri Koponen

HIGHLIGHTS Q4 AND FY 2008

- Robust fourth quarter and full year results
- Russia
 - Passing 10.4 million customers
 - Roll-out of new regions on track
- Central Europe
 - Stable operational development in the Baltic region despite difficult economic environment
 - Croatia adding more than 230,000 customers in 2008
- Nordic
 - Stable full year EBIT contribution from Swedish mobile operations
 - Norway regaining price leadership. Strong net adds
- Western Europe
 - Delivering on its new strategy focusing on profitability
 - Robust performance in the Netherlands and Germany.
 - Restructuring of Tele2 Austria
- Proposed total dividend SEK 5
- Solid liquidity profile after Q1 2009 refinancing

ECONOMIC IMPACT

- Robust Q4 and FY 2008 results, with little or no impact from economic downturn
 - Difficult to predict to what extent consumer telecom spending will be affected in 2009
- Tele2 is well prepared, both financially as well as operationally, to deal with various scenarios
- Economic downturn potentially an opportunity
- Contingency plans in place to make sure cash flow generation is preserved

FINANCIAL HIGHLIGHTS Q4 2008

- Robust financial performance in Q4 2008
 - Revenue of SEK 10,313 million, up 7 percent
 - EBITDA of SEK 2,173 million, up 47 percent
 - Cash flow after capex SEK 704 (-343) million
- Low financial gearing with net debt to EBITDA 0.9 times^{*)}
- Progressive view on dividend
 - Proposed total dividend SEK 5
- New credit facility of SEK 12,000 million

^{*)} Including obligations to JV

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Q4 2008 GROUP RESULTS

SEK million	Q4 08	Q4 07	Change %
Continuing operations, Net Sales	10,313	9,599	7%
EBITDA	2,168	1,418	53%
- EBITDA margin (%)	21%	15%	
Depreciation and joint venture	-964	-960	
- Depreciation of net sales (%)	9%	10%	
One-off items	-19	-417	
EBIT	1,185	41	
Normalized EBIT	1,251	369	
- Normalized EBIT margin (%)	12%	4%	
Financial items	-593	-105	
Taxes	104	-75	
Net result, continuing operations	696	-139	
Net result, discontinued operations	198	110	
Net result	894	-129	

FY 2008 GROUP RESULTS

SEK million	FY 08	FY 07	Change %
Continuing operations, Net Sales	39,505	40,056	-1%
EBITDA	8,175	6,320	29%
- EBITDA margin (%)	21%	16%	
Depreciation and joint venture	-3,682	-3,799	
- Depreciation of net sales (%)	9%	9%	
One-off items	-1,642	-1,184	
EBIT	2,851	1,337	
Normalized EBIT	4,605	2,984	
- Normalized EBIT margin (%)	12%	7%	
Financial items	-1,013	-731	
Taxes	-120	-988	
Net result, continuing operations	-1,718	-382	
Net result, discontinued operations	715	-1,387	
Net result	2,433	1,769	

OTHER FINANCIAL ITEMS

Income statement

SEK million	Note	2008 full year	2007 full year	2008 Q4	2007 Q 4
CONTINUING OPERATIONS					
Net sales	1	39,505	40,056	10,313	9,599
Operating expenses	2	-35,050	-37,928	-9,165	-9,412
Impairment of goodwill and customer agreements	2	-1,033	-1,315	-20	-5
Sale of operations, profit	3	125	1,562	38	40
Sale of operations, loss	4	-13	-823	9	-128
Result from shares in associated companies and joint ventures	5	-212	-234	-30	-60
Impairment of shares in joint ventures	2	-582	-	-16	-
Other operating income	6	451	112	145	63
Other operating expenses	6	-340	-93	-89	-56
Operating profit/loss, EBIT		2,851	1,337	1,185	41
Net interest expenses		-400	-765	-86	-198
Other financial items		-613	34	-507	83
Profit/loss after financial items, EBIT		1,838	606	592	-64
Tax on profit/loss	7	-120	-968	104	-75
Net profit/loss from continuing operations		1,718	-382	696	-139
DISCONTINUED OPERATIONS					
Net profit/loss from discontinued operations	10	715	-1,387	198	110
NET PROFIT/LOSS		2,433	-1,769	894	-29

External fx
Intergroup fx
 Other net
Total: Other financial items

	2008 Full Year	2008 Q4
External fx	-110	-171
Intergroup fx	-441	-345
Other net	-62	9
Total: Other financial items	-613	-507

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Change in shareholders' equity

SEK million	Note	Dec 31, 2008			Dec 31, 2007		
		Attributable to equity holders of the parent company	minority interests	Total shareholders' equity	Attributable to equity holders of the parent company	minority interests	Total shareholders' equity
Shareholders' equity, January 1		26,821	28	26,849	28,800	323	29,123
ITEMS RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY							
Exchange rate differences		3,146	-	3,151	1,478	9	1,487
Reversed cumulative exchange rate differences from divested companies	10	-197	-	-197	-1,053	-	-1,053
Cash flow hedges		-101	-	-101	49	-	49
Items recognized directly in shareholders' equity		2,848	5	2,853	474	9	483
Net profit/loss for the year		2,411	22	2,433	-1,669	-100	-1,769
Total for the year		5,259	27	5,286	-1,195	-91	-1,286
OTHER CHANGES IN SHAREHOLDERS' EQUITY							
Costs for stock options		24	-	24	8	-	8
New share issues	8	1	-	1	27	-	27
Repurchase of own shares	8	-462	-	-462	-5	-	-5
Dividends	8	-3,492	-	-3,492	-814	-4	-818
Purchase of minority		-	-12	-12	-	-595	-595
New share issues to minority		-	7	7	-	395	395
SHAREHOLDERS' EQUITY, END OF PERIOD		28,151	50	28,201	26,821	28	26,849

Exchange rate differences*
 * recognized directly in shareholders equity

	2008 Full Year	2008 Q4
Exchange rate differences*	3,146	2,491

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TAX EXPECTATION

- Reported tax for 2008 amounted to SEK -120 million. Tax payment affecting cash flow amounted to SEK -377 million
- In 2009 Tele2 forecast a corporate tax rate of approximately 20 percent excluding one-off items
- The tax payment will affect 2009 cash flow by approximately SEK 700-800 million
- Tax dispute
 - In Q1 2009, Tele2 announced that the company has not been allowed to deduct a capital loss of SEK 13.9 billion, which was associated with the liquidation of S.E.C. S.A. in 2001
 - Tele2 will appeal the decision made by the County Administrative Court
 - Tele2 is of the opinion that the dispute will be settled in Tele2's favor and have not provisioned any cost associated with the verdict.

CASH FLOW FOR Q4 2008

SEK million	Q4 08	Q4 07
Operating activities, excl taxes paid	1,930	1,528
Taxes paid	-120	-189
Change in WC	127	-367
Cash flow from operating activities	1,937	972
CAPEX	-1,223	-1,315
Cash Flow after CAPEX	704	-343

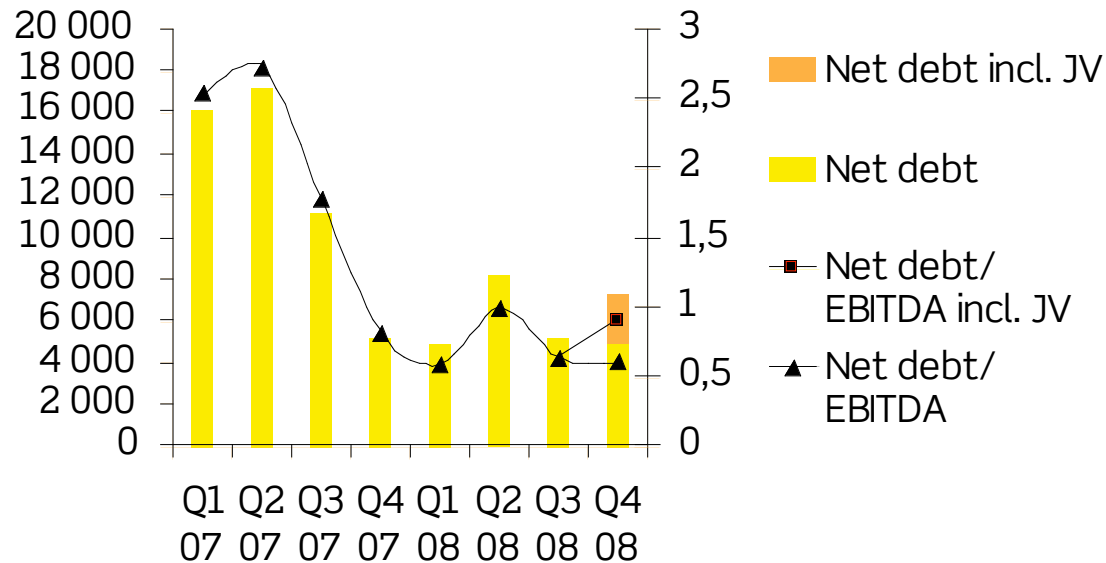
CASH FLOW FOR FY 2008

SEK million	FY 08	FY 07
Operating activities, excl taxes paid	8,166	6018
Taxes paid	-377	-1,530
Change in WC	107	-138
Cash flow from operating activities	7,896	4,350
CAPEX	-4,608	-5,169
Cash Flow after CAPEX	3,288	-819

DIVIDEND PROPOSAL

- Tele2's intention over the medium term is to pay a progressive ordinary dividend to its shareholders
- The board of Tele2 AB has decided to recommend an increase of the ordinary dividend by 11 percent to SEK 3.50 (3.15) per share
- The board has also decided to recommend a special dividend of SEK 1.50 (4.70) per share to the AGM.

GROUP FINANCIAL PROFILE

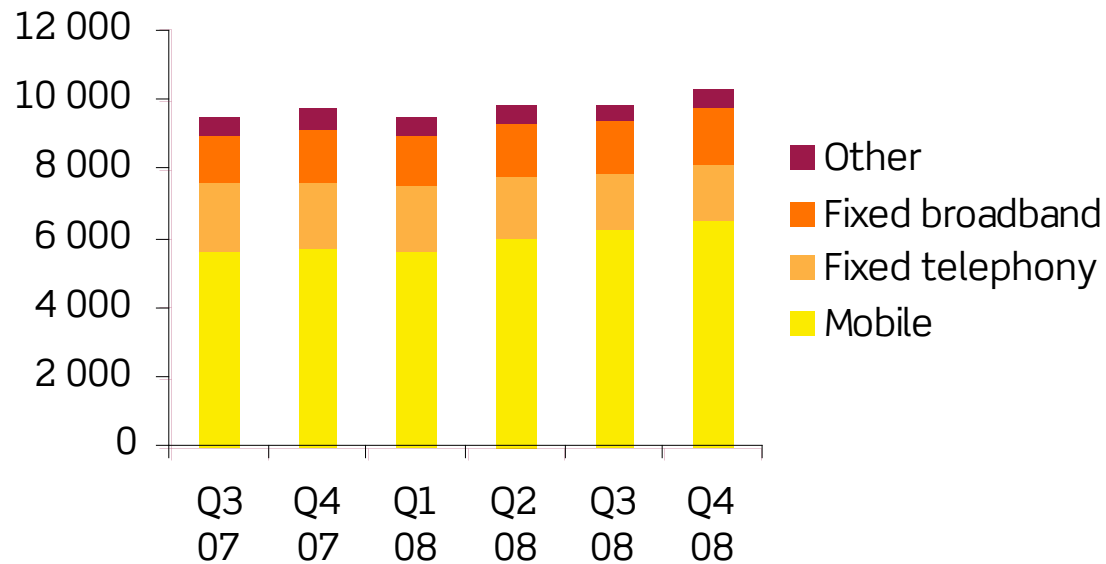


- Net debt amounted to SEK 4,952 (5,198) million
 - 0.6 times FY 2008 EBITDA
 - 0.9 times FY 2008 EBITDA including guarantees to JV
- New credit facility agreement of SEK 12,000 million

NEW CREDIT FACILITY

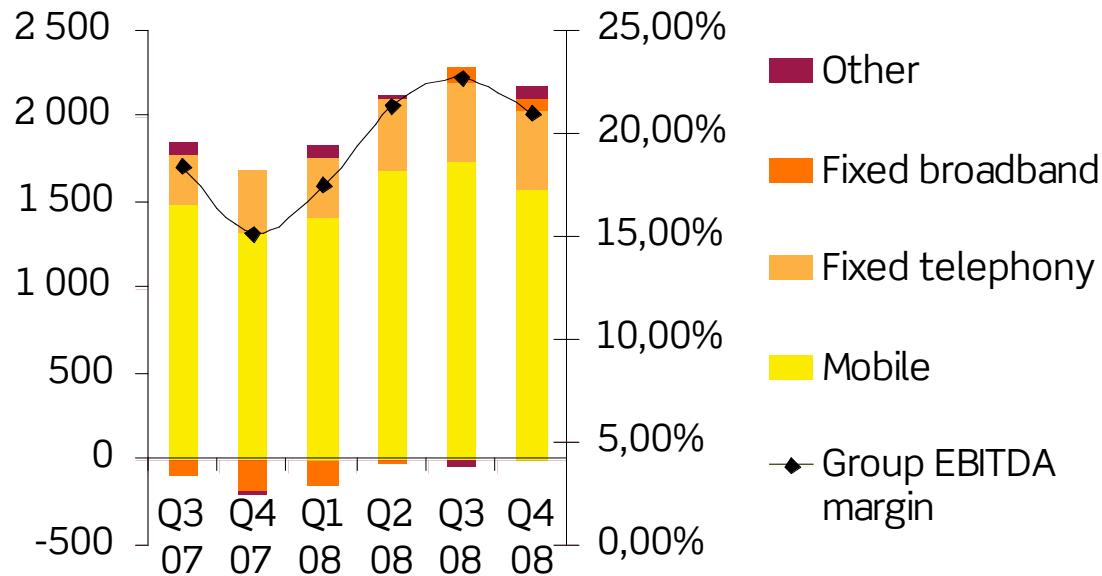
- 3-year revolving credit facility agreement of SEK 12 billion
- The deal was successfully oversubscribed
- Tele2 will use this facility to:
 - Develop its business organically
 - Refinance its existing revolving credit facilities maturing in November 2009
 - Keep an optimal capital structure within the financial disciplines announced

GROUP Q4 2008 NET SALES



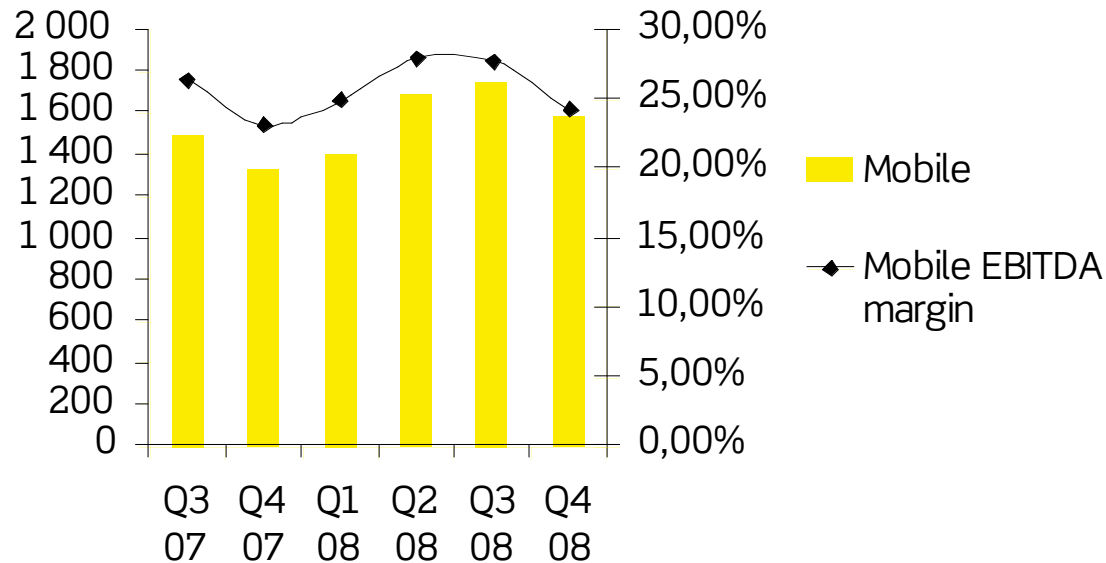
- Mobile net sales SEK 6,502 million, up 14 percent
 - Russia the main growth driver, up 40 percent
- Fixed Broadband net sales SEK 1,637 million, up 8 percent
 - Less emphasis on market share and more on profitability leading to negative customer development

GROUP Q4 2008 EBITDA



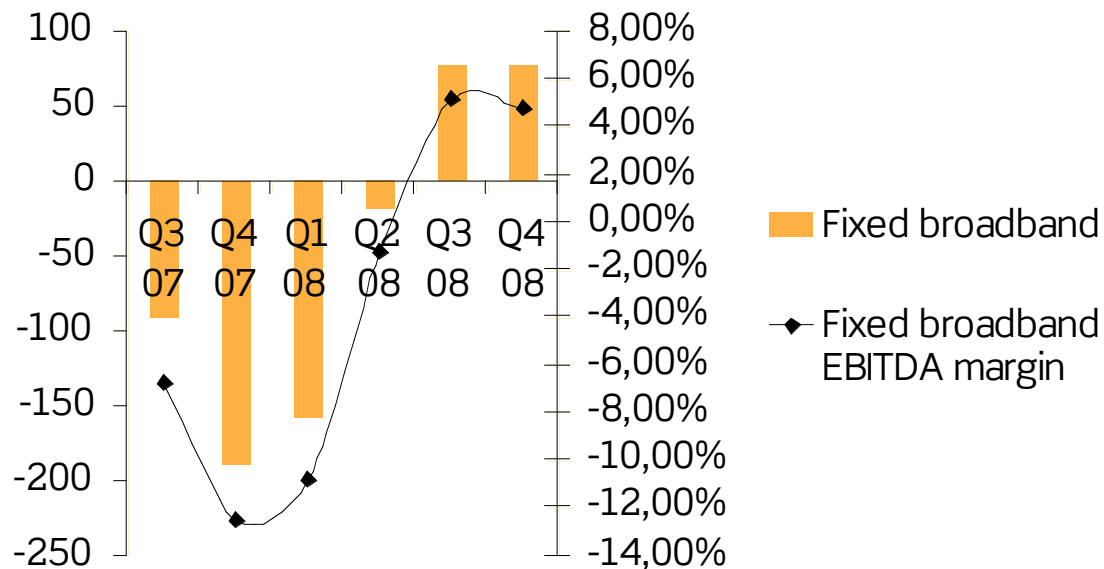
- Group EBITDA margin 21 percent
 - Normal seasonality affecting Q4 2008
 - Estonia and Norway affected by one-off costs
- Improved cost control in fixed broadband and fixed telephony showing the greatest relative improvement

MOBILE Q4 2008 EBITDA



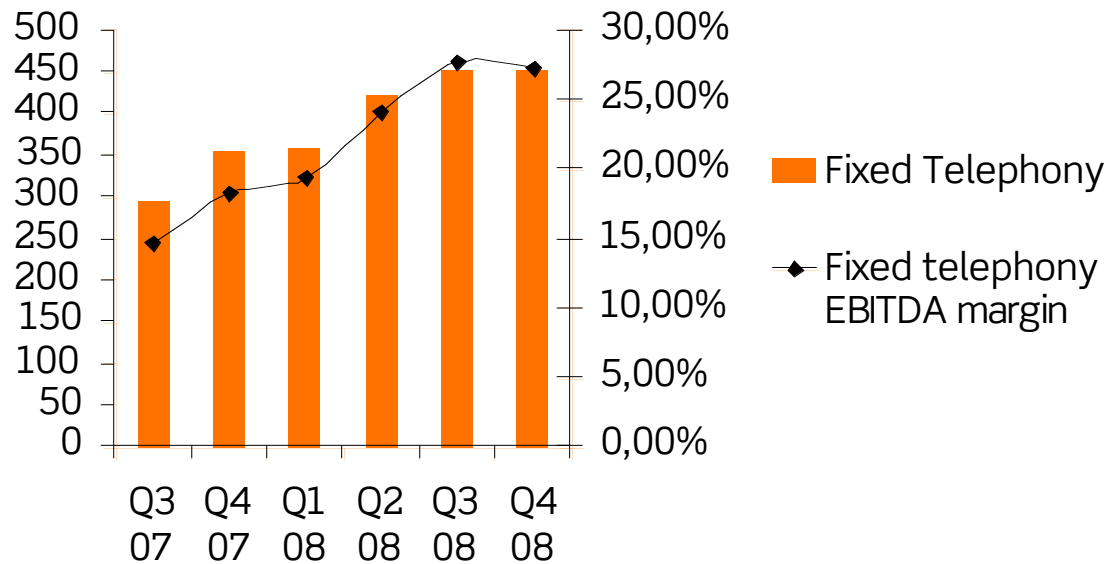
- Mobile EBITDA margin 25 percent
 - Normal seasonal pattern in Q4 2008 mainly driven by Christmas campaigns
 - One-off costs in Estonia and Norway
 - Launch costs in Russia affecting the quarter. FY 2009 expecting opex of SEK 500-700 million related to the roll-out of the 17 new licenses
 - Marketing push in Croatia weighing on the EBITDA result

FIXED BROADBAND Q4 2008 EBITDA



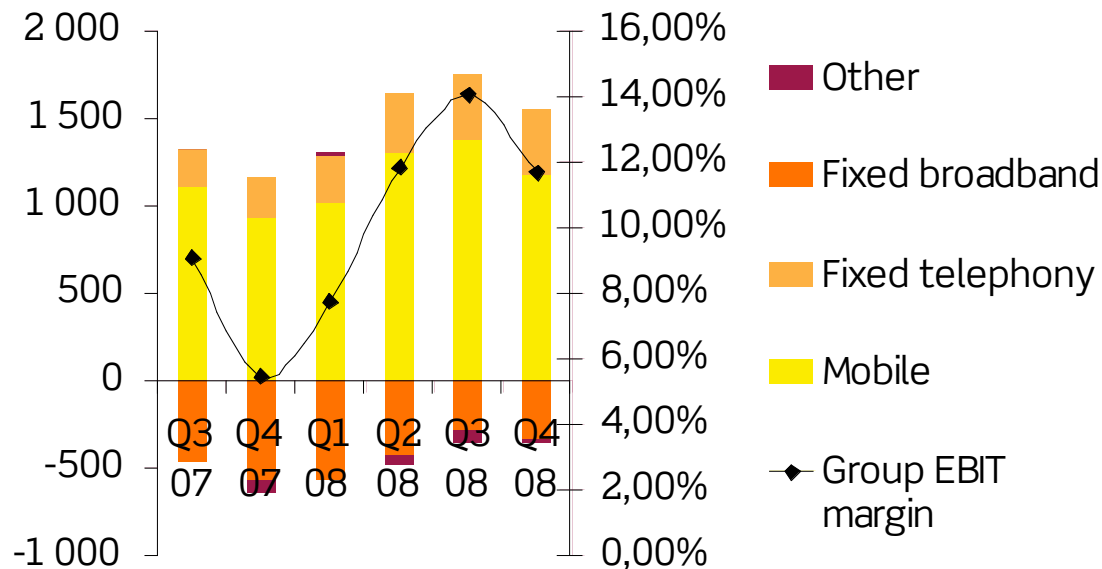
- Fixed broadband EBITDA margin 5 percent
 - Less emphasis on market share leading to improved cost control. However, further improvement needed
 - Focus on ULL rather than resold products

FIXED TELEPHONY Q4 2008 EBITDA



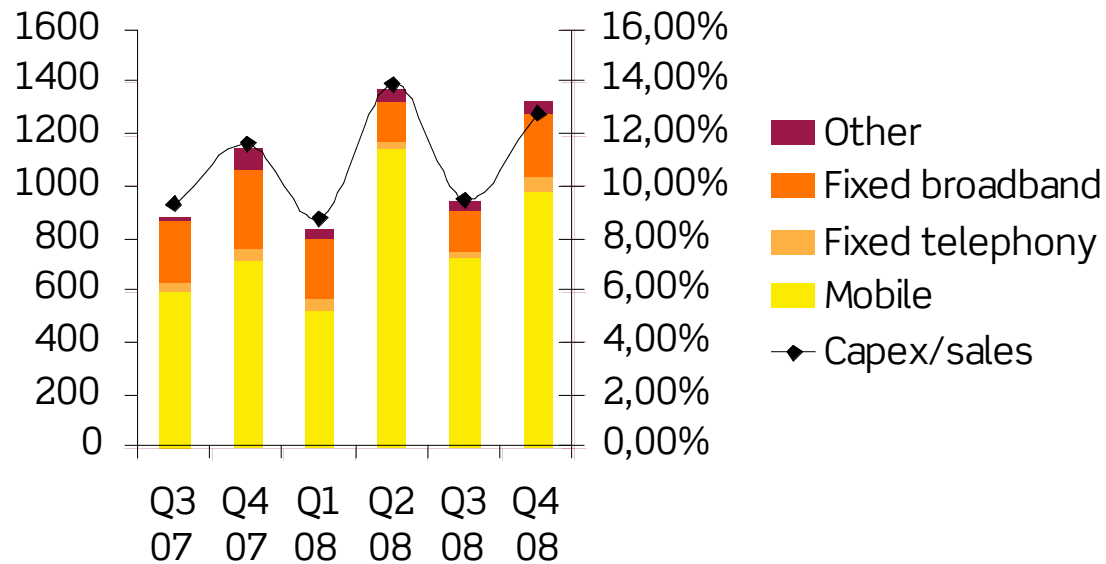
- Fixed telephony EBITDA margin 27 percent
 - Focus on maintaining relative performance
 - Improve operations in Austria

GROUP Q4 2008 EBIT



- Group EBIT margin 12 percent excluding one-off items
- Improved operational performance in fixed broadband and fixed telephony lifting EBIT performance
 - Benefits with SUNAB giving stable EBIT contribution from Sweden mobile

GROUP Q4 2008 CAPEX



- Group Capex SEK 1,328 million or 13 percent of net sales
 - FY 2008 capex/sales ratio 11 percent
 - FY 2009 expectation in the range of SEK 4,500-4,700 million
- Expansion in Russia the main driver
 - FY 2009 expectation in the range of SEK 1,100-1,300 million related to roll-out of new licenses

FINANCIAL SUMMARY

- Overall solid operational performance
 - No or little impact from difficult economic environment
- Mobile and fixed telephony the main profit drivers
 - Russia developing well, with roll-out of new regions following plan
- Fixed broadband seeing good improvement
 - Still need for further improvement to meet set hurdles
- Capex development expected to stay fairly flat in 2009
- Total dividend SEK 5
- Robust liquidity profile after Q1 2009 refinancing
- Contingency plans in place to make sure cash flow generation is preserved

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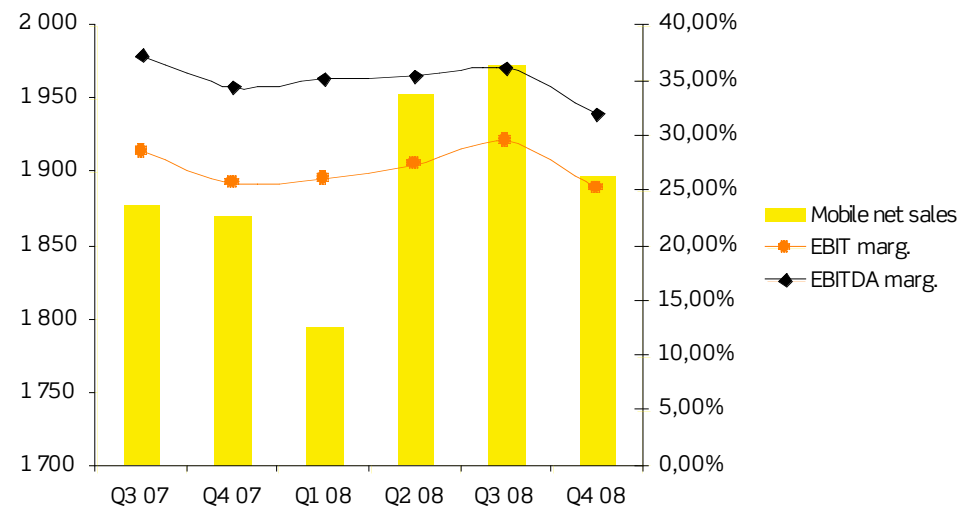
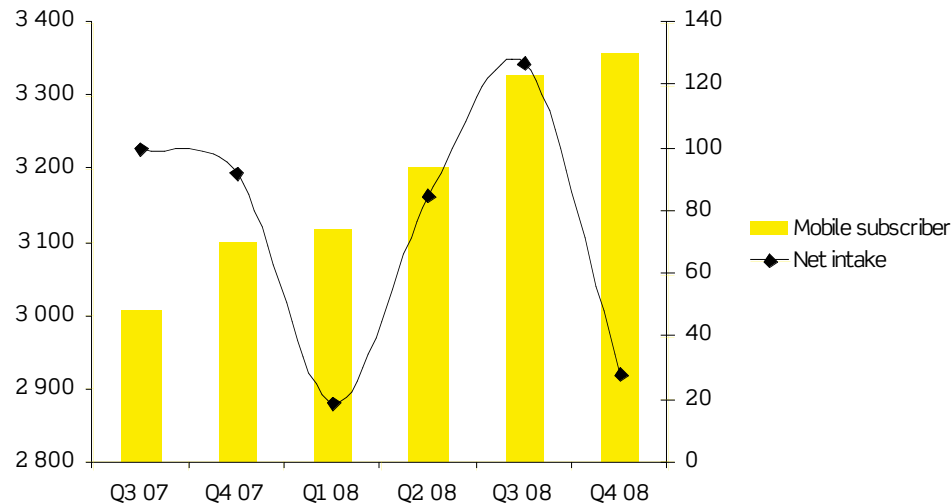
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GENERAL MARKET TRENDS IN MOBILE

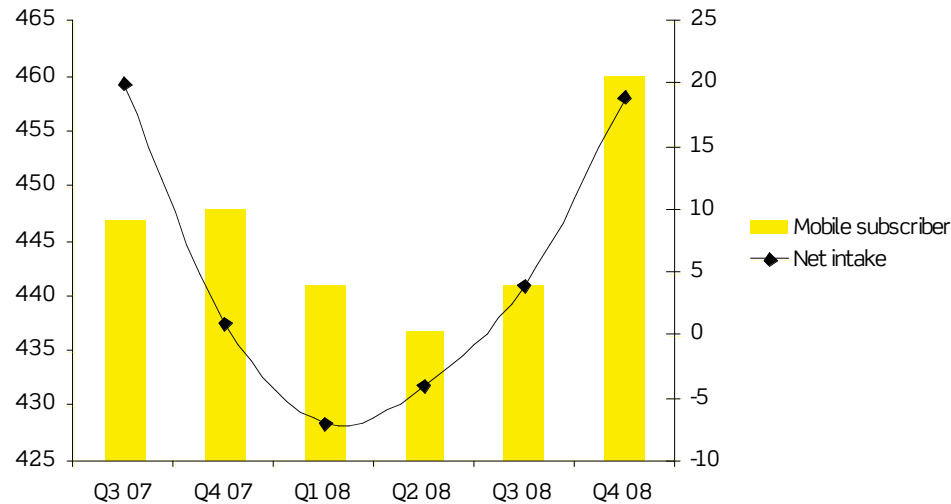
- Customer intake still robust
 - More price sensitive and interested in SIM only offers
- MoU still growing, with mobile traffic taking a larger share of total minutes carried
- Pricing environment for basic voice fairly stable
- Good interest in mobile internet services
- Operators having better pricing power

TELE2 SWEDEN MOBILE

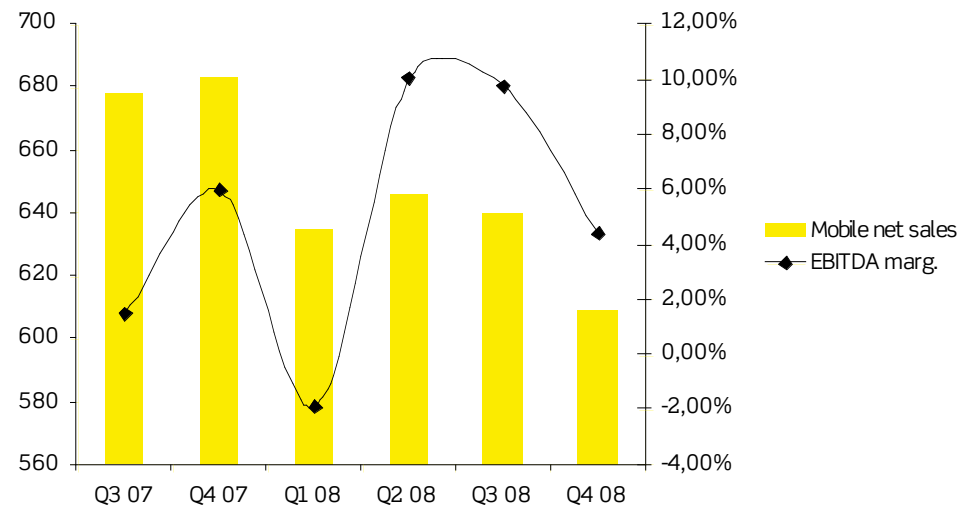


- Revenue growth of 6.5 percent
- Slowing customer activity in voice services
 - Lower pre-paid intake
 - Renewed interest in SIM only
- 15.000 new mobile internet user
 - Total base 170,000
- MoU continue to grow, both voice and VAS
- More traffic being carried by the SUNAB JV
 - Most cost efficient 3G carrier in Sweden
 - Opex approximately SEK 450 million YTD

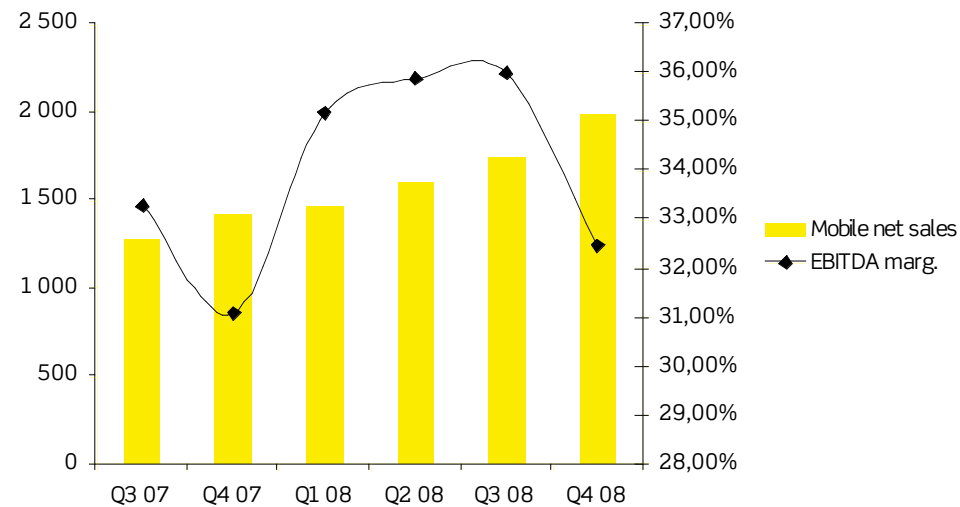
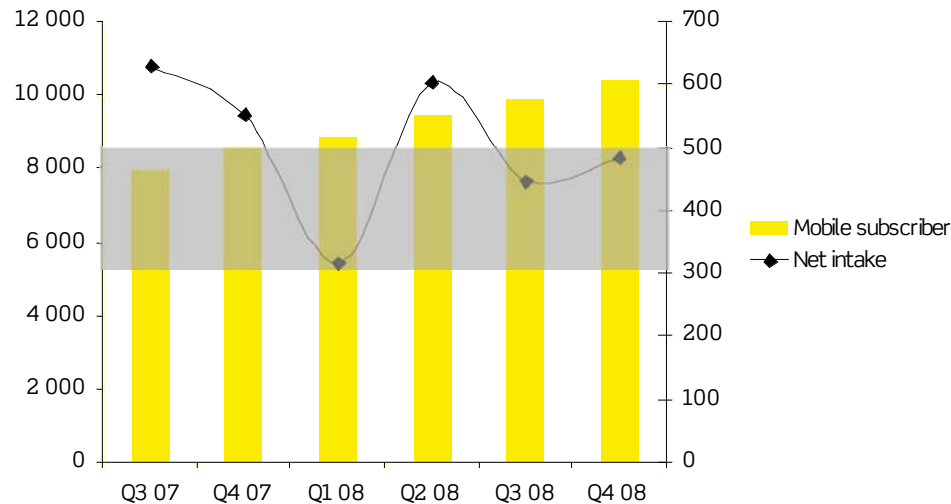
TELE2 NORWAY MOBILE



- Reconfirmed price position
- Strong net intake adding 19,000 customers
- Tough competition negatively affecting ARPU
- EBITDA contribution negatively affected by increased sales and marketing as well as currency movement
- Network Norway JV affecting EBIT by SEK -16 million

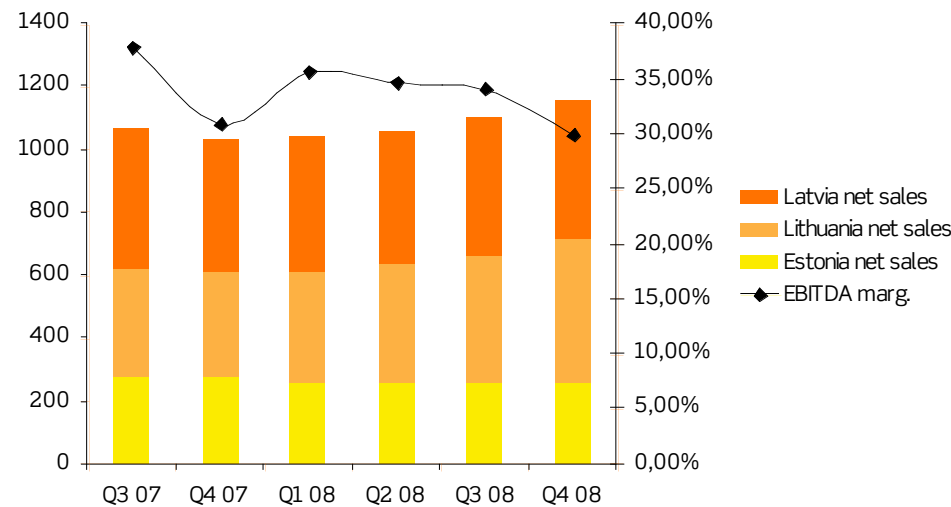
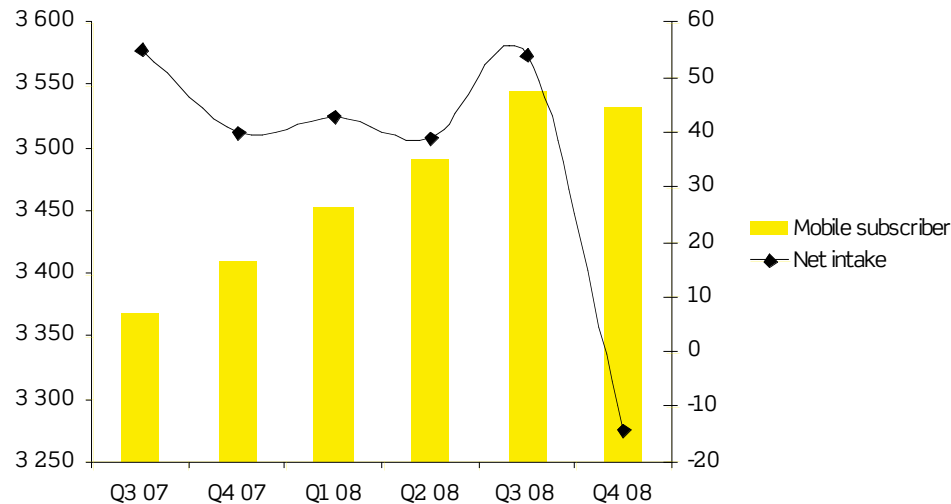


TELE2 RUSSIA MOBILE



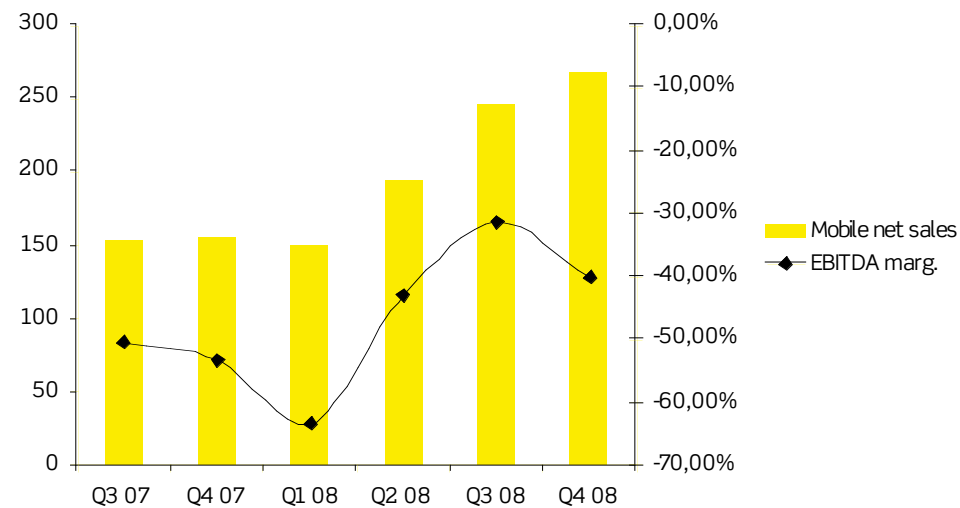
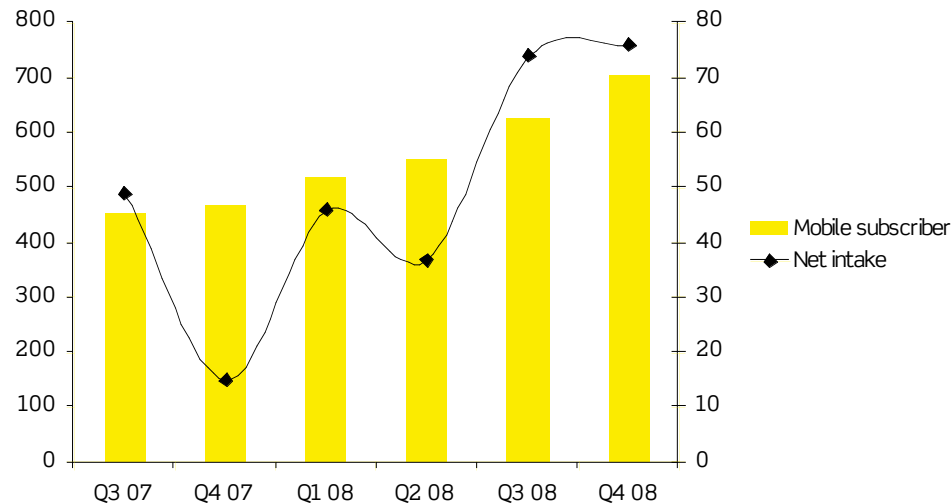
- Revenue growth of 40 percent
- More than 10.4 million customers
- Robust ARPU development
- Successful launch of Krasnodar region
- Roll-out of new GSM licenses on track
 - Opex costs affecting total EBITDA in Q4 2008
- Acquisition of operations in Kaliningrad
- Improved network quality through the introduction of EDGE

TELE2 BALTIC MOBILE



- Challenging economic environment
- Robust revenue development despite current economic climate
 - Positive currency effect
- Price leadership creating opportunities
 - Focus on enterprise customers
 - Estonia 21 percent market share in the business segment

TELE2 CROATIA MOBILE



- Total customer base more than doubled in 2008
 - Improved marketing strategy
 - Better quality of service
 - Net adds Q4 2008 amounting to 76,000
- Opex affected by higher marketing spend and acquisition costs

REGULATION

Important topics for Tele2

- Interconnect
- Access to fiber (extension of current ULL legislation)
- Frequency re-farming

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CONCLUDING REMARKS

- Robust fourth quarter and full year results
- Improved total dividend amounting to SEK 5
- Solid liquidity profile after Q1 2009 refinancing
- Top priorities in 2009
 - Tele2 will continue to focus on cost discipline in all parts of the organization
 - Tele2 should use its cost advantage to carefully move its position forward
 - Roll-out of new regions in Russia
 - Develop our mobile operations
 - compose a product portfolio that goes in line with the needs of our customers
 - Tele2 will work harder in the corporate segment In both the Nordic and Western European regions

Q&A