



FOR IMMEDIATE RELEASE
Tuesday, October 21, 2003

IN Q3 TELE2 GENERATED RECORD CASHFLOW FROM OPERATING ACTIVITIES OF MSEK 1,706, WHILE REPORTING LARGEST EVER CUSTOMER NET INTAKE OF 1,637,000

New York and Stockholm – Tuesday, October 21, 2003 – Tele2 AB (“Tele2”, “the Group”) (Nasdaq Stock Market: TLTOA and TLTOB and Stockholmsbörsen: TEL2A and TEL2B), the leading alternative pan-European telecommunications company, today announced its consolidated results for the third quarter ended September 30, 2003.

- **Operating revenue for the first nine months 2003 increased by 21% to MSEK 27,255 (MSEK 22,554*)**
- **Profit after tax for the first nine months 2003 increased to MSEK 854 (MSEK –374*)**
- **Earnings (loss) per share after tax and after dilution for the first nine months 2003 increased to SEK 5.78 (SEK –2.53*)**
- **Revenue for Q3 increased by 22% to MSEK 9,414 (MSEK 7,695)**
- **EBITDA for Q3 rose 15% to MSEK 1,635 (MSEK 1,422)**
- **Number of customers rose by 1,637,000 to 20.4 million in Q3**
- **Cash flow from operating activities up 37% to MSEK 1,706 in Q3**
- **Launch of Tele2 service offering in the UK**

*excl. MSEK 237 Telia court settlement (note 1).

The figures shown in parenthesis correspond to the comparable periods in 2002 and all negative amounts are distinguished with a minus sign.

Lars-Johan Jarnheimer, President and CEO of Tele2 AB stated:

“These results are the strongest ever from Tele2. During the quarter we have had our largest ever net intake of 1.6 million customers taking us past 20 million customers in total whilst at the same time achieving record cash generation from operations of SEK 1.7 billion. In Q3 revenue was up 22% to SEK 9.4 billion, again showing our ability to grow faster than our competitors, with profit after tax more than doubling to MSEK 382. It remains our objective to maintain this balance between customer growth, profitability and cash flow generation.

“Today we announce our full scale entry into the UK telecoms market, where consumers now will be able to benefit from our low cost offering in the same way that consumers have throughout the rest of Europe. The fixed telephony and Internet operations in continental Europe continue to see strong growth, adding over one million customers during the quarter and we also commenced operation in Portugal during September. In Southern and Central Europe revenues for Q3 were up 22% and 35% respectively on the same period in 2002. In Sweden, Comviq continues to generate EBITDA margins over 50%, which remain amongst the best in Europe while the Swedish fixed line business returned EBITDA margins of 21% in Q3. In Russia we have now launched six GSM operations, which are developing according to plan, while in Eastern Europe the Polish operations is developing well. Our focus continues to be on low customer acquisition cost, churn management and operational cost control.”

FINANCIAL AND OPERATING HIGHLIGHTS

Financial highlights for the third quarter

SEK millions	Q3, 2003	Q3, 2002
Operating Revenue	9,414	7,695
EBITDA (i)	1,635	1,422
EBIT (ii)	835	632
EBT (iii)	685	419

(i) Operating Profit (loss) before interest, tax, depreciation and amortization

(ii) Operating Profit (loss) before interest and tax

(iii) Profit (loss) before tax

Operating highlights for the third quarter ended September 30, 2003

- Tele2 had its largest ever net intake with 1,637,000 customers added during the quarter. The operations in Southern and Central Europe showed strong growth with customers net intake up by 610,000 and 431,000 respectively. Also Eastern Europe & Russia showed strong growth with customer net intake up by 415,000
- In Russia Tele2 has now launched six GSM networks, with two in the last quarter in Omsk and Izhevsk already adding to those in Irkutsk, Rostov, St Petersburg and Kemerovo. Tele2 also announced that it has acquired a GSM 900 license in the Republic of Urdmurta, Russia (Izhevsk). The businesses are developing well and are taking advantage of the rapid increase in Russian cellular penetration
- At the end of September Tele2 announced that it had increased its stake in five of its Russian mobile operations
- In Estonia, Tele2 Eesti received a 3G license which is valid until August 5, 2013
- Tele2 made changes to its management structure during the quarter, with Johnny Svedberg being appointed COO
- Tele2 announced that it had reached agreement with a consortium of banks in reducing its loan facility for Svenska UMTS-nät, which is jointly owned by Tele2 and TeliaSonera, from SEK 11bn to SEK 7bn
- On 6 August, 2003 the County Administrative Court decided in favor of Tele2's appeal to suspend the PTS decisions on mobile termination fees, while awaiting the County Administrative Court final ruling
- Tele2 launched fixed line operations in Portugal during the quarter
- Tele2 today announces that it is launching a full-scale entry into the UK market

OPERATIONAL REVIEW BY MARKET AREA

Nordic

Operating revenue Q3 2003, MSEK 3,433 (3,321), +3%

EBITDA Q3 2003, MSEK 1,160 (1,251), -7%

EBIT Q3 2003, MSEK 946 (1,024), -8%

The Nordic market area encompasses mainly Tele2 operations in Sweden (including Optimal Telecom), Norway, Denmark and Finland and Datametrix operations.

Sweden

The mobile operations in Sweden reported 3.3 million customers at the end of the quarter, an annualized increase of 14%, and continues to increase its market share, adding approximately 50,000 customers during the third quarter. In the third quarter mobile revenue grew by 3% to MSEK 1,748 while EBITDA margins of 53% in mobile were achieved. Within the Fixed telephony and Internet business area revenue grew by 3% to MSEK 937 and an EBITDA margin of 21% for the quarter was achieved, which is back within the target range for this business area. Monthly average revenue per mobile customer (ARPU), including both postpaid and prepaid customers, was SEK 178 (200) in the third quarter and monthly mobile minutes of usage (MOU) were 87 (95*) in the third quarter. Prepaid mobile customers accounted for 75% of the total mobile customer base.

On 6 August, 2003 the County Administrative Court decided in favor of Tele2's appeal to suspend the PTS decisions on mobile termination fees, while awaiting the County Administrative Court final ruling. Previously, on 6 June this year, Tele2 announced that it would appeal the decision by the Swedish regulator (PTS) regarding its mobile termination fees for calls from Telia and Telia Mobile. The PTS decisions made in June, allowed Tele2 to charge a fee similar to the fee Telia Mobile charges plus 10% for calls from Telia and Telia Mobile to Tele2.

Tele2 announced that it had reached agreement with a consortium of banks in reducing its loan facility for Svenska UMTS-nät, which is jointly owned by Tele2 and TeliaSonera, from SEK 11bn to SEK 7bn. This has been achieved by reductions in infrastructure costs through the utilization of new technology. The remaining facility will cover the rollout of the UMTS-Nät joint venture. The facility is available to December 31, 2006.

* The system used to measure minutes of use has been further improved as from Q1 2003. Previously part of the traffic between two Comviq/Tele2 Mobile subscriptions was accounted for as both incoming and outgoing traffic. This is now measured in one direction only. The comparable figure for 2002 has been adjusted to take account of this change.

Denmark, Norway and Finland

Denmark, Norway and Finland operations are predominantly fixed telephony and Internet. Tele2 is the leading alternative operator in Denmark and Norway.

In Norway during quarter four Tele2 will launch the resale of the fixed telephony subscription fee as well as a Mobile Virtual Network Operation (MVNO). In Norway, Tele2 has decided to stop selling DNS, which is included as part of fixed and Internet services.

Eastern Europe & Russia

Operating revenue Q3 2003, MSEK 824 (612), +35%

EBITDA Q3 2003, MSEK 161 (178), -10%

EBIT Q3 2003, MSEK 74 (92), -20%

The Eastern Europe & Russia market area encompasses Tele2 operations in the Baltics (Lithuania, Latvia and Estonia), Poland, the Czech Republic and Russia, and X-Source operations.

The market area experienced an outstanding rise in customer net intake with 415,000 new customers during the third quarter, over 50% of which were mobile customers. In the fixed telephony and Internet business 198,000 net customers were added during the quarter, which is more than the total last year.

In Russia Tele2 has now launched six GSM networks, Irkutsk and Rostov in April, St Petersburg in June, Kemerovo in July, Omsk in August and Izhevsk in September. Initial customer net intake is somewhat higher than expected, with ARPU somewhat lower, resulting in revenues developing according to plan.

In September Tele2 increased its stakes in five of its Russian mobile operations. The changes were as follows: Sankt-Peterburg Telecom (St. Petersburg license area) to 86% from 61%; Oblcom (Leningrad region license area) to 97% from 61%; Rostov cellular communications to 87% from 75%; Cellular communications of Udmurtia (City of Izhevsk) to 77% from 55%; and Chelyabinsk cellular communications to 100 % from 51%.

In Poland, the Customer Premises Equipment (CPE) fixed line services, which Tele2 launched at the beginning of the year, are progressing better than anticipated despite the continuing difficult regulatory environment.

In the Baltics, Tele2 is the leading alternative operator in Estonia and Latvia, and the second largest alternative operator in Lithuania. In August, Tele2 Eesti in Estonia received a 3G licence, which is valid until August 5, 2013.

In the Czech Republic Tele2 intends to introduce pre-selection in quarter four. Tele2 is the leading alternative operator in the Czech Republic.

Central Europe

Operating revenue Q3 2003, MSEK 1,925 (1,421), +35%

EBITDA Q3 2003, MSEK 36 (-23), of which MSEK 73 (16) +356%, for fixed telephony & Internet.

EBIT Q3 2003, MSEK -12 (-57), of which MSEK 32 (-13) for fixed telephony & Internet.

The Central European market area encompasses Tele2 operations in Germany, the Netherlands, Switzerland and Austria.

Central Europe experienced its highest ever quarterly customer net intake of 431,000 customers of which 383,000 were in fixed telephony and Internet. In quarter three fixed telephony and Internet revenue rose 33% to MSEK 1,946 with EBITDA increasing by 356% to MSEK 73. ARPU for fixed telephony and Internet for the Central Europe market area was SEK 155 (150) for the third quarter.

Tele2 continued its marketing push in Germany following the introduction of local call by calls at the end of April and pre-select local calling on 9 July. Tele2 is one of the very few alternative operators in Germany to have the maximum number of interconnect points (475) which minimises its interconnect payments. The outlook for Germany continues to improve as revenue has increased substantially during the quarter and churn continues to fall. Tele2 remains confident that it will reach EBITDA breakeven in the German fixed line business before the year-end.

In the Netherlands the margins and market share in the fixed line business continue to improve and Tele2 is continuing its strategy of converting its fixed line customers to become MVNO customers. Tele2 is the Netherlands largest alternative operator and the Tele2 brand has 80% recognition across the population.

Tele2 Austria is now the largest alternative operator with brand recognition of some 85% within the population. Tele2's MVNO in Austria is performing according to plan. ADSL was launched in Austria during the quarter.

In Switzerland Tele2 is the second-largest alternative operator with a broad offering of fixed, mobile, Internet and ADSL services. During the quarter Tele2 submitted an application for one of the three Swiss GSM licenses that have been made available by the Swiss Federal Communications Commission.

Southern Europe

Operating revenue Q3 2003, MSEK 2,383 (1,949), +22%

EBITDA Q3 2003, MSEK 242 (-4)

EBIT Q3 2003, MSEK 218 (-41)

The Southern Europe market area includes Tele2 operations in France, Italy, Spain and Portugal.

Southern Europe showed exceptional customer growth adding 610,000 customers, whilst at the same time increasing revenue by 22% and maintaining profitability, during what is normally a seasonally quiet third quarter, with EBITDA at MSEK 242 (-4), a margin of 10% (0%). A large part of the customer net intake for Q3 is the recently launched dial-up Internet service. ARPU for Southern Europe for fixed telephony and Internet was SEK 139 (139).

ADSL launched this May based on the unbundling of France Telecom's local loop, is experiencing satisfactory growth due in part to the farsighted regulatory practices in unbundling the local loop in France.

Tele2 France continued to grow strongly, particularly through more efficient marketing and confirms its position as the leading alternative operator, taking over 60% of those customers who choose to leave the incumbent.

Tele2 Italy is the second alternative operator and continues to show a strong net intake in customers and additional services such as the recently launched dial-up Internet service.

Tele2 successfully launched its business in Portugal during the quarter. Tele2 is still seeking an MVNO agreement in Southern Europe and remains optimistic that an agreement can be reached in at least one of the countries within the next 12 months.

Luxembourg

Operating revenue Q3 2003, MSEK 242 (177), +37%

EBITDA Q3 2003, MSEK 11 (40), -73%

EBIT Q3 2003, MSEK -13 (15)

The Luxembourg market area includes mainly Tele2 operations in Luxembourg (including Tango), Liechtenstein and Belgium, 3C operations and Transac.

Tango, Tele2's mobile operator is consistently improving its operations.

In early July following the highly successful launch of fixed line services in Brussels during the first quarter 2003, the rollout of the Tele2 fixed line service throughout the rest of Belgium was announced which has driven both revenues and customer net intake during the quarter.

Branded Products & Services

Operating revenue Q3 2003, MSEK 607 (215), +182%

EBITDA Q3 2003, MSEK 25 (-20)

EBIT Q3 2003, MSEK 9 (-23)

Branded Products & Services include Tele2 operation in the UK, Alpha Telecom in the UK, C³ operations, Everyday operations and IntelliNet operations.

Tele2 today announces that it is launching a full-scale entry into the UK market.

GROUP REVIEW

New Market Area Structure

In September 2003, Tele2 announced a new market area structure. However, for accounting purposes the original market areas will remain unchanged until 31 December, 2003.

Investments

In Q3 2003, Tele2 increased its share in five of its Russian mobile operations

As a part of its mobile strategy in Russia, in September Tele2 acquired 62.5 % of Radio Components Sweden AB. One of Radio Components products is an antenna solution for GSM 1800 which reduces the need for sites by a factor of three to four times for coverage build out. With the investment Tele2 has secured a cost efficient build out in Russia and in other areas where mobile rollouts may occur.

In May 2003, Tele2 acquired the remaining shares (72.6%) in Suomen 3G Oy, a company with a UMTS network in 9 Finnish cities.

Alpha Group was acquired on February 17 2003. The net cash outlay, including expected additional earn out payments, was MSEK 700. Alpha is the UK's leading operator in prepaid fixed network telephony for individuals and a market leader in cash cards for fixed telephony. The acquisition will directly contribute to Tele2's earnings per share in 2003, even without the expected synergy effects. The acquisition of Alpha Telecom is a unique opportunity for Tele2 to attain critical mass in the UK and is in line with Tele2's strategy of steadily establishing a presence in the UK market. Alpha Telecom customers are not included in the total number of customers for the Tele2 Group.

Other long-term holdings

The Balance Sheet for Svenska UMTS-nät AB in Sweden, in which Tele2 has a 50% interest, is stated in note 7.

Parent Company

At the Parent company level, Tele2 reported at September 30, 2003 operating revenue of MSEK 13 (13), EBIT of MSEK -55 (-60) and liquidity MSEK 2 compared to MSEK 10 at December 31, 2002.

COMPANY DISCLOSURE

Tele2 will release the financial and operating result for the period ended December 31, 2003, on 9 February, 2004.

Stockholm, October 21, 2003

Board of Tele2 AB

REPORT REVIEW

The financial and operating results for the period ended September 30, 2003 have not been subject to specific review by the Company's auditor.

CONSOLIDATED INCOME STATEMENT (MSEK)

		2003	2002	2002	2003	2002
		Jan 1- Sep 30	Jan 1- Sep 30	Full year	Q3	Q3
Operating revenue	Note 1	27,255	22,791	31,282	9,414	7,695
Operating expenses		-25,066	-21,583	-29,740	-8,574	-7,071
Other revenues		54	34	50	9	17
Other expenses		-45	-27	-62	-14	-9
Operating Profit, EBIT	Note 2	2,198	1,215	1,530	835	632
Share of profit (loss) of associated companies		-9	-25	-41	-7	-5
Sale of associated company		-	-	5	-	-
Net interest and other financial expenses	Note 3	-446	-511	-698	-143	-208
Profit after financial items, EBT		1,743	679	796	685	419
Taxes	Note 4	-911	-819	-574	-304	-269
Minority interest		22	3	1	1	-
Profit (loss) after taxes		854	-137	223	382	150
Earnings (loss) per share after tax (SEK)		5.79	-0.93	1.51	2.59	1.02
Earnings (loss) per share after tax, after dilution (SEK)		5.78	-0.93	1.51	2.58	1.02
Number of shares, basic	Note 5	147,460,175	147,360,175	147,460,175		
Number of shares, weighted average	Note 5	147,460,175	147,360,175	147,360,175		
Number of shares after dilution	Note 5	148,223,175	147,560,175	148,223,175		
Number of shares after dilution, weighted average	Note 5	147,811,279	147,560,175	147,634,293		

CONSOLIDATED BALANCE SHEET (MSEK)

	2003	2002	2002
	Sep 30	Sep 30	Dec 31
ASSETS			
Fixed assets			
Intangible assets	23,953	25,967	25,096
Tangible assets	9,177	9,413	9,257
Long-term financial assets	Note 4 1,025	1,871	2,020
	34,155	37,251	36,373
Current assets			
Materials and supplies	398	304	353
Current receivables	8,841	7,343	7,673
Cash and cash equivalents	3,386	2,600	2,473
	12,625	10,247	10,499
Total assets	46,780	47,498	46,872
EQUITY AND LIABILITIES			
Shareholders' Equity			
Restricted equity	23,844	26,632	25,138
Non-restricted equity	4,635	1,588	3,590
	28,479	28,220	28,728
Minority interest	13	23	22
Provisions			
Shares in associated companies	-	12	28
Other provisions	26	2	-
	26	14	28
Long-term liabilities			
Interest-bearing liabilities	6,251	9,430	7,899
Non-interest-bearing liabilities	-	2	-
	6,251	9,432	7,899
Short-term liabilities			
Interest-bearing liabilities	2,411	1,676	2,382
Non-interest-bearing liabilities	9,600	8,133	7,813
	12,011	9,809	10,195
Total equity and liabilities	46,780	47,498	46,872

CONSOLIDATED CASH FLOW STATEMENT (MSEK)

	2003 Jan 1- Sep 30	2002 Jan 1- Sep 30	2002 Full year	2003 Q3	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 Q2
Cash flows from operation	4,166	3,156	4,564	1,488	1,360	1,318	1,408	1,250	1,060
Change in working capital	414	-45	-199	218	138	58	-154	-5	27
Cash flows provided by operating activities	4,580	3,111	4,365	1,706	1,498	1,376	1,254	1,245	1,087
Capital expenditure in intangible and tangible assets	-1,407	-1,364	-1,890	-424	-550	-433	-526	-418	-415
Change of long-term receivables	81	-	-3	26	45	10	-3	11	-11
Sale of companies	22	-	40	22	-	-	40	-	-
Purchase of companies	-906	-621	-667	-89	-111	-706	-46	-6	-591
Liquid funds in purchased companies	212	-	4	4	83	125	4	-	-
Cash flow after investing activities	2,582	1,126	1,849	1,245	965	372	723	832	70
Financing activities	-1,469	-599	-1,398	-1,052	-680	263	-799	-375	-196
Net change in cash	1,113	527	451	193	285	635	-76	457	-126
Cash at beginning of period	2,473	2,275	2,275	3,339	3,014	2,473	2,600	2,135	2,388
Exchange difference in cash	-200	-202	-253	-146	40	-94	-51	8	-127
Cash at end of period*	3,386	2,600	2,473	3,386	3,339	3,014	2,473	2,600	2,135
*of which restricted funds	922	960	870	922	945	986	870	960	892

CHANGE OF CONSOLIDATED SHAREHOLDERS' EQUITY (MSEK)

	2003			2002		
	Restricted Share capital	Other	Non restricted	Restricted Share capital	Other	Non restricted
Equity, January 1	737	24,401	3,590	737	35,741	-6,961
Withdrawal from the share premium service	-	-	-	-	-7,387	7,387
Translation differences and other transfers	-	-1,294	191	-	-2,459	1,299
Profit (loss), year-to-date	-	-	854	-	-	-137
Equity, September 30	737	23,107	4,635	737	25,895	1,588
Total restricted and non-restricted equity		23,844	4,635		26,632	1,588

NUMBER OF CUSTOMERS (in thousands)

	Number of customers			Net intake					
	2003 Sep 30	2002 Sep 30	Change	2003 Q3	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 Q2
<u>Nordic</u>									
Mobile telephony	3,555	3,087	15%	68	182	84	134	149	116
Fixed telephony and Internet	2,928	3,228	-9%	36	8	62	-406	-89	-118
Cable TV	191	196	-3%	5	-11	-12	13	4	3
	6,674	6,511	3%	109	179	134	-259	64	1
<u>Eastern Europe & Russia</u>									
Mobile telephony	1,827	1,175	55%	218	181	62	191	104	117
Fixed telephony and Internet	462	93	397%	198	75	45	51	10	2
Cable TV	64	63	2%	-1	1	-	1	-	-3
	2,353	1,331	77%	415	257	107	243	114	116
<u>Central Europe</u>									
Mobile telephony	394	201	96%	48	36	39	70	42	63
Fixed telephony and Internet	4,376	3,257	34%	383	321	356	59	-7	70
	4,770	3,458	38%	431	357	395	129	35	133
<u>Southern Europe</u>									
Fixed telephony and Internet	6,250	4,955	26%	610	249	262	174	212	212
	6,250	4,955	26%	610	249	262	174	212	212
<u>Luxembourg</u>									
Mobile telephony	190	178	7%	5	3	1	3	4	3
Fixed telephony and Internet	137	46	198%	67	18	11	-5	-1	2
	327	224	46%	72	21	12	-2	3	5
Total number of customers	20,374	16,479	24%	1,637	1,063	910	285	428	467
BY BUSINESS AREA									
Mobile telephony	5,966	4,641	29%	339	402	186	398	299	299
<i>of which prepaid</i>	4,247	3,082	38%	312	375	197	281	379	193
Fixed telephony and Internet	14,153	11,579	22%	1,294	671	736	-127	125	168
Cable TV	255	259	-2%	4	-10	-12	14	4	-
Total number of customers	20,374	16,479	24%	1,637	1,063	910	285	428	467

MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK)

OPERATING REVENUE

		2003	2002	2003	2003	2003	2002	2002	2002
		Jan 1-	Jan 1-	Q3	Q2	Q1	Q4	Q3	Q2
		Sep 30	Sep 30						
<u>Nordic</u>									
Mobile telephony	Note 1	5,491	5,303	1,943	1,861	1,687	1,806	1,849	1,784
Fixed telephony and Internet		4,683	4,901	1,551	1,575	1,557	1,656	1,560	1,630
Cable TV		154	162	53	50	51	60	56	53
Data processing		243	235	84	81	78	107	69	84
Adjustments for sales internal		-588	-503	-198	-195	-195	-161	-213	-172
		9,983	10,098	3,433	3,372	3,178	3,468	3,321	3,379
<u>Eastern Europe & Russia</u>									
Mobile telephony		1,887	1,519	723	622	542	549	551	523
Fixed telephony and Internet		228	137	87	77	64	61	49	50
Cable TV		19	19	6	7	6	7	6	7
Data processing		68	52	24	23	21	25	19	19
Adjustments for sales internal		-46	-33	-16	-17	-13	-16	-13	-11
		2,156	1,694	824	712	620	626	612	588
<u>Central Europe</u>									
Mobile telephony		296	83	126	98	72	62	45	22
Fixed telephony and Internet		5,505	4,309	1,946	1,808	1,751	1,613	1,464	1,438
Adjustments for sales internal		-420	-249	-147	-133	-140	-129	-88	-86
		5,381	4,143	1,925	1,773	1,683	1,546	1,421	1,374
<u>Southern Europe</u>									
Fixed telephony and Internet		7,647	5,960	2,480	2,648	2,519	2,455	2,027	2,065
Adjustments for sales internal		-253	-213	-97	-87	-69	-97	-78	-55
		7,394	5,747	2,383	2,561	2,450	2,358	1,949	2,010
<u>Luxembourg</u>									
Mobile telephony		439	392	162	143	134	143	142	130
Fixed telephony and Internet		191	150	77	59	55	59	48	52
Cable TV		9	1	3	3	3	1	-1	1
Data processing		82	82	27	26	29	42	29	28
Adjustments for sales internal		-77	-87	-27	-22	-28	-29	-41	-16
		644	538	242	209	193	216	177	195
<u>Branded products & services</u>									
Fixed telephony and Internet		1,886	684	683	666	537	320	254	210
Adjustments for sales internal		-189	-113	-76	-68	-45	-43	-39	-46
		1,697	571	607	598	492	277	215	164
Total operating revenue		27,255	22,791	9,414	9,225	8,616	8,491	7,695	7,710
BY BUSINESS AREA									
Mobile telephony	Note 1	8,113	7,297	2,954	2,724	2,435	2,560	2,587	2 459
Fixed telephony and Internet		20,140	16,141	6,824	6,833	6,483	6,164	5,402	5,445
Cable TV		182	182	62	60	60	68	61	61
Data processing		393	369	135	130	128	174	117	131
Adjustments for sales internal		-1,573	-1,198	-561	-522	-490	-475	-472	-386
Total operating revenue		27,255	22,791	9,414	9,225	8,616	8,491	7,695	7,710

MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK), continued

		<u>EBITDA</u>		2003	2003	2003	2002	2002	2002
		2003	2002	2003	2003	2003	2002	2002	2002
		Jan 1-	Jan 1-	Q3	Q2	Q1	Q4	Q3	Q2
		Sep 30	Sep 30						
<u>Nordic</u>									
Mobile telephony	Note 1	2,493	2,682	909	821	763	894	955	903
Fixed telephony and Internet		686	842	236	199	251	350	281	292
Cable TV		31	21	14	9	8	11	13	6
Data processing		3	8	1	2	-	6	2	3
		3,213	3,553	1,160	1,031	1,022	1,261	1,251	1,204
<u>Eastern Europe & Russia</u>									
Mobile telephony		650	480	221	211	218	131	193	150
Fixed telephony and Internet		-155	-44	-65	-52	-38	-32	-17	-16
Cable TV		-1	-	-	1	-2	-1	-	-
Data processing		11	1	5	2	4	6	2	-1
		505	437	161	162	182	104	178	133
<u>Central Europe</u>									
Mobile telephony		-122	-141	-37	-36	-49	-45	-39	-63
Fixed telephony and Internet		133	40	73	30	30	65	16	12
		11	-101	36	-6	-19	20	-23	-51
<u>Southern Europe</u>									
Fixed telephony and Internet		776	-257	242	291	243	156	-4	-72
		776	-257	242	291	243	156	-4	-72
<u>Luxembourg</u>									
Mobile telephony		165	117	66	53	46	44	53	35
Fixed telephony and Internet		-70	11	-53	-9	-8	-5	-2	7
Cable TV		-6	-22	-3	-1	-2	-7	-8	-5
Data processing		2	-11	1	1	-	-1	-3	-5
		91	95	11	44	36	31	40	32
<u>Branded products & services</u>									
Fixed telephony and Internet		57	-149	25	16	16	-23	-20	-39
		57	-149	25	16	16	-23	-20	-39
Total EBITDA		4,653	3,578	1,635	1,538	1,480	1,549	1,422	1,207
BY BUSINESS AREA									
Mobile telephony	Note 1	3,186	3,138	1,159	1,049	978	1,024	1,162	1,025
Fixed telephony and Internet		1,427	443	458	475	494	511	254	184
Cable TV		24	-1	11	9	4	3	5	1
Data processing		16	-2	7	5	4	11	1	-3
Total EBITDA		4,653	3,578	1,635	1,538	1,480	1,549	1,422	1,207
EBITDA MARGIN									
Nordic	Note 1	32%	35%	34%	31%	32%	36%	38%	36%
Eastern Europe & Russia		23%	26%	20%	23%	29%	17%	29%	23%
Central Europe		0%	-2%	2%	0%	-1%	1%	-2%	-4%
Southern Europe		10%	-4%	10%	11%	10%	7%	0%	-4%
Luxembourg		14%	18%	5%	21%	19%	14%	23%	16%
Branded products & services		3%	-26%	4%	3%	3%	-8%	-9%	-24%
Total EBITDA margin		17%	16%	17%	17%	17%	18%	18%	16%

MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK), continued

		EBIT							
		2003	2002	2003	2003	2003	2002	2002	2002
		Jan 1- Sep 30	Jan 1- Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
<u>Nordic</u>									
Mobile telephony	Note 1-2	2,186	2,392	806	717	663	393	855	805
Fixed telephony and Internet		378	494	141	95	142	226	172	179
Cable TV		-15	-27	-1	-6	-8	-5	-4	-9
Data processing		-3	3	-	-	-3	3	1	1
		2,546	2,862	946	806	794	617	1,024	976
<u>Eastern Europe & Russia</u>									
Mobile telephony		393	242	146	104	143	30	121	67
Fixed telephony and Internet		-174	-62	-72	-57	-45	-43	-24	-23
Cable TV		-8	-8	-1	-3	-4	-5	-4	-2
Data processing		2	-12	1	-	1	9	-1	-5
		213	160	74	44	95	-9	92	37
<u>Central Europe</u>									
Mobile telephony		-142	-154	-44	-43	-55	-49	-44	-67
Fixed telephony and Internet		13	-41	32	-10	-9	30	-13	-14
		-129	-195	-12	-53	-64	-19	-57	-81
<u>Southern Europe</u>									
Fixed telephony and Internet		694	-353	218	269	207	123	-41	-101
		694	-353	218	269	207	123	-41	-101
<u>Luxembourg</u>									
Mobile telephony		111	69	47	35	29	27	36	19
Fixed telephony and Internet		-87	-2	-56	-14	-17	-10	-7	3
Cable TV		-10	-26	-3	-4	-3	-8	-11	-6
Data processing		-7	-14	-1	-1	-5	-2	-3	-6
		7	27	-13	16	4	7	15	10
<u>Branded products & services</u>									
Fixed telephony and Internet		15	-158	9	-	6	-26	-23	-42
		15	-158	9	-	6	-26	-23	-42
Group adjustments, depreciation		-1,148	-1,128	-387	-388	-373	-378	-378	-376
Total EBIT		2,198	1,215	835	694	669	315	632	423
BY BUSINESS AREA									
Mobile telephony	Note 1-2	2,548	2,549	955	813	780	401	968	824
Fixed telephony and Internet		839	-122	272	283	284	300	64	2
Cable TV		-33	-61	-5	-13	-15	-18	-19	-17
Data processing		-8	-23	0	-1	-7	10	-3	-10
Group adjustments, depreciation		-1,148	-1,128	-387	-388	-373	-378	-378	-376
Total EBIT		2,198	1,215	835	694	669	315	632	423
EBIT MARGIN									
Nordic	Note 1-2	26%	28%	28%	24%	25%	18%	31%	29%
Eastern Europe & Russia		10%	9%	9%	6%	15%	-1%	15%	6%
Central Europe		-2%	-5%	-1%	-3%	-4%	-1%	-4%	-6%
Southern Europe		9%	-6%	9%	11%	8%	5%	-2%	-5%
Luxembourg		1%	5%	-5%	8%	2%	3%	8%	5%
Branded products & services		1%	-28%	1%	0%	1%	-9%	-11%	-26%
Total EBIT margin		8%	5%	9%	8%	8%	4%	8%	5%

INVESTMENTS (MSEK)

	2003	2002	2003	2003	2003	2002	2002	2002
	Jan 1-	Jan 1-	Q3	Q2	Q1	Q4	Q3	Q2
	Sep 30	Sep 30						
<u>Market areas</u>								
Nordic	368	738	111	122	135	164	202	243
Eastern Europe & Russia	714	367	238	297	179	227	141	101
Central Europe	132	81	39	58	35	54	28	16
Southern Europe	113	107	21	25	67	35	26	30
Luxembourg	75	66	10	45	20	28	22	22
Branded products and services	5	5	5	3	-3	18	-1	3
Investments in intangible and tangible assets	1,407	1,364	424	550	433	526	418	415
<u>Additional investments, non-cash transactions:</u>								
Finance lease	-	-	-	-	-	66	-	-
Total, CAPEX	1,407	1,364	424	550	433	592	418	415
<u>Business areas</u>								
Mobile telephony	889	690	279	366	244	308	235	206
Fixed telephony and Internet	467	586	132	165	170	208	150	189
Cable TV	31	80	10	9	12	5	31	21
Data processing	20	8	3	10	7	5	2	-1
Investments in intangible and tangible assets	1,407	1,364	424	550	433	526	418	415

TELE2 OPERATIONS IN SWEDEN (MSEK)*

* Tele2 Sverige AB and Optimal Telecom AB

		2003	2002	2003	2003	2003	2002	2002	2002
		Jan 1-	Jan 1-	Q3	Q2	Q1	Q4	Q3	Q2
		Sep 30	Sep 30						
<u>Operating revenue</u>									
Mobile telephony	Note 1	4,989	4,954	1,748	1,697	1,544	1,657	1,695	1,670
Fixed telephony and Internet		2,817	2,937	937	950	930	988	913	967
Cable TV		141	150	49	46	46	55	52	49
Total Tele2 in Sweden		7,947	8,041	2,734	2,693	2,520	2,700	2,660	2,686
<u>EBITDA</u>									
Mobile telephony	Note 1	2,545	2,766	919	857	769	880	954	938
Fixed telephony and Internet		540	660	197	158	185	219	221	221
Cable TV		27	21	13	7	7	11	12	7
Total Tele2 in Sweden		3,112	3,447	1,129	1,022	961	1,110	1,187	1,166
<u>EBITDA margin</u>									
Mobile telephony	Note 1	51%	56%	53%	51%	50%	53%	56%	56%
Fixed telephony and Internet		19%	22%	21%	17%	20%	22%	24%	23%
Cable TV		19%	14%	27%	15%	15%	20%	23%	14%
Total Tele2 in Sweden		39%	43%	41%	38%	38%	41%	45%	43%
<u>EBIT</u>									
Mobile telephony	Note 1	2,246	2,478	819	757	670	780	855	842
Fixed telephony and Internet		301	392	125	75	101	131	135	135
Cable TV		-17	-25	-1	-8	-8	-4	-3	-9
Total Tele2 in Sweden		2,530	2,845	943	824	763	907	987	968
<u>EBIT margin</u>									
Mobile telephony	Note 1	45%	50%	47%	45%	43%	47%	50%	50%
Fixed telephony and Internet		11%	13%	13%	8%	11%	13%	15%	14%
Cable TV		-12%	-17%	-2%	-17%	-17%	-7%	-6%	-18%
Total Tele2 in Sweden		32%	35%	34%	31%	30%	34%	37%	36%

FIVE YEAR SUMMARY

	2003	2002	2002	2001	2000	1999
	Jan 1- Sep 30	Jan 1- Sep 30				
<u>Income Statement and Balance Sheet (MSEK)</u>						
Operating revenue	27,255	22,791	31,282	25,085	12,440	8,171
EBITDA	4,653	3,578	5,127	1,699	1,820	2,060
EBIT	2,198	1,215	1,530	-1,356	420	1,152
EBT	1,743	679	796	-1,944	165	4,184
Profit (loss) after taxes	854	-137	223	392	-396	3,768
Shareholders' equity	28,479	28,220	28,728	29,517	26,539	6,659
Shareholders' equity, after dilution	28,621	28,250	28,870	29,547	26,584	6,659
Total assets	46,780	47,498	46,872	49,258	42,397	14,408
Cash flow provided by operating activities	4,580	3,111	4,365	413	883	1,753
Liquidity	3,716	1,352	2,332	1,625	1,304	1,123
Net borrowing	5,232	9,123	7,729	9,286	7,095	4,605
Net borrowing, after dilution	5,091	9,093	7,587	9,256	7,050	4,605
Investments in intangible and tangible assets, CAPEX	1,407	1,364	1,956	2,162	1,514	1,165
Investments in shares and long-term receivables	591	621	626	304	20,512	4,051
<u>Key ratio</u>						
Solidity, %	61	59	61	60	63	46
Solidity, after dilution, %	61	59	61	60	63	46
Debt/equity ratio, %	0.18	0.33	0.27	0.31	0.27	0.69
EBITDA margin, %	17.1	15.7	16.4	6.8	14.6	25.2
EBIT margin, %	8.1	5.3	4.9	-5.4	3.4	14.1
Return on shareholders' equity, %	3.0	-1.0	0.8	1.4	-2.4	78.6
Return on shareholders' equity, after dilution, %	3.0	-1.0	0.8	1.4	-2.4	78.6
Return on capital employed, %	6.0	1.6	3.9	-3.3	1.9	45.2
Average interest rate, %	5.4	7.0	6.4	6.3	4.8	4.8
Average interest rate, after dilution, %	5.4	7.0	6.4	6.3	4.8	4.8
<u>Value per share (SEK)</u>						
Profit (loss)	5.79	-0.93	1.51	2.70	-3.47	36.28
Profit (loss), after dilution	5.78	-0.93	1.51	2.70	-3.47	36.28
Shareholders' equity	193.13	189.57	194.95	203.56	232.62	64.12
Shareholders' equity, after dilution	193.63	189.52	195.55	203.46	232.74	64.12
Cash flow	31.06	12.66	29.62	2.85	7.74	16.88
Cash flow, after dilution	30.99	12.65	29.56	2.85	7.73	16.88
Dividend	-	-	-	-	-	-
Market value at closing day	338.00	169.00	230.50	378.00	392.00	598.00

NOTES TO THE ACCOUNTS

Accounting principles and definitions

The Interim report has been prepared in accordance with the recommendations RR1:00-RR28 of the Swedish Financial Accounting Standards Council. Tele2 has reported its interim report in accordance with the accounting principles and methods used in the Annual Report and Accounts for the financial year of 2002. Definitions are stated in the Annual Report for 2002.

Within the Nordic Market Area, parts of the Datamatrix operations were up to Q1 2003 reported under fixed telephony and Internet. These are from Q2 2003 reported under data processing. Furthermore, parts of ADSL and other broadband services were up to Q1 2003 reported under Cable TV. These are now reported under fixed telephony and Internet. The historical numbers in this report have been restated accordingly. This change was made to simplify internal reporting and to improve product categorisation. These changes have had a negative, but not material, impact on revenues and margins in the fixed telephone and Internet operations.

In September 2003, Tele2 announced a new market area structure. However, for accounting purposes the original market areas will remain unchanged until 31 December 2003.

Note 1 Case against Telia

In the first quarter of 2002 Tele2 won a case in the Administrative Court against Telia regarding payment principles for interconnection. The decision was that Telia is liable for payments regarding traffic transited via their network ("Cascade Accounting") at certain tariffs rates. Telia has decided to ignore the court's ruling. The Administrative Court of Appeal did not grant Telia inhibition in this case, and has at June 26, 2003 determined that Telia is liable for payments. Telia has appealed the judgement to the Supreme Administrative Court.

The effect of the decision is that Telia should pay a total of approximately MSEK 350 to Tele2. As a consequence hereof an amount of approximately MSEK 150 and MSEK 87 is included in operating revenue for mobile telephony in Sweden in the first and second quarter of 2002, respectively. The claim is hereby fully recorded at June 30, 2002.

Note 2 Returned UMTS-licences in Norway

During Q4 2002, Tele2 Norway returned its UMTS licence, whereby the net book value of capitalized costs was eliminated in its entirety and was charged against depreciation for the fourth quarter 2002 in an amount of MSEK -400.

Note 3 Net interest and other financial expenses

The Q4 2002 result is effected by a write-down of MSEK -86 regarding shares in the investment Xsource Corporation. The cost is recorded in item "Net interest and other financial expenses".

Note 4 Taxes

At September 30, 2003, September, 2002 and December 31, 2002 the total deferred tax receivable for the group is MSEK 339, MSEK 958 and MSEK 1,246 respectively, and is included in the item "Long-term financial assets".

Note 5 Shares and Convertibles

In October 2000, three Convertible debenture loans were issued at a par value of SEK 1, each with rights to subscribe for 100,000 B-shares in Tele2 AB at a subscription price of SEK 150 per share, and maturing in 2001, 2002 and 2003. Convertible debenture, with right to subscribe for 100,000 B-shares, is outstanding at September 30, 2003. Tele2 does also have outstanding warrants, corresponding to 663,000 B shares with a subscription price of SEK 191 per share and a subscription period from 2005 to 2006.

Note 6 Number of customers in Denmark

In Denmark the reported number of active customers is from quarter 4, 2002 fully adopted to the definitions within the Group. As a result of this, as a one time effect, the number of fixed and Internet customers were in Q4 2002 adjusted by -461,000.

Note 7 UMTS-nät AB in Sweden

The balance sheet for Svenska UMTS-nät AB in Sweden at September 30, 2003, in which Tele2 owns 50% of the shares:

	<u>MSEK</u>		<u>MSEK</u>
Fixed assets	943	Equity	983
Current receivables	454	Long-term liabilities	375
Cash and bank balances	29	Short-term liabilities	68
Total assets	<u>1,426</u>	Total equity and liabilities	<u>1,426</u>

Contingent liabilities for Tele2 regarding guarantee for the loans of Svenska UMTS-nät AB is MSEK 187 at September 30, 2003.