



FOR IMMEDIATE RELEASE  
Wednesday, October 23, 2002

**TELE2 DELIVERS POSITIVE CASHFLOW OF MSEK 832 FOR  
QUARTER THREE AN IMPROVEMENT OF MORE THAN TWO  
BILLION SEK COMPARED TO THIRD QUARTER 2001**

New York and Stockholm – Wednesday, October 23, 2002 – 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, 2002.

- **Positive cash flow of MSEK 832 (Q3 2001 MSEK –1,260) after investments**
- **EBIT of MSEK 632 (Q3 2001 MSEK -41)**
- **EBT of MSEK 419 (Q3 2001 MSEK –224)**
- **Fixed line operations in Southern and Central Europe together reached EBITDA breakeven**
- **Mobile operations for Tele2 in Sweden reported EBIT margin of 50% (EBITDA margin 56%)**

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

“In 2002 we set out to show that, as well as continuing to grow faster than our competitors, we could have strongly improving cashflow and reach pre-tax profitability. In each of the first three quarters of 2002 Tele2 has achieved these objectives and by the third quarter the business became profitable post tax as well.

“The mobile businesses have continued to perform strongly with Swedish mobile EBITDA margins of 56%, making it the most efficient mobile operator in Europe. The fixed line operations in continental Europe continued to improve and by the third quarter the Southern and Central market areas together reached EBITDA breakeven, with very strong growth in Southern Europe being driven by the introduction of local calling. The EBITDA margins in our Swedish fixed line operations improved to 24%, continuing to be at the upper end of our 20% to 25% target range. Our focus continues to be on low customer acquisition cost, churn management and operational cost control.”

## FINANCIAL AND OPERATING HIGHLIGHTS

*(The figures shown in parenthesis correspond to the comparable periods in 2001 and all negative amounts are distinguished with a minus sign).*

### Financial highlights for the third quarter, 2002

<b>SEK millions</b>	<b>2002</b>	<b>2001</b>
	<b>Q3</b>	<b>Q3</b>
<b>Operating Revenue</b>	<b>7,695</b>	<b>6,332</b>
<b>EBITDA (i)</b>	<b>1,422</b>	<b>721</b>
<b>EBIT (ii)</b>	<b>632</b>	<b>-41</b>
<b>EBT (iii)</b>	<b>419</b>	<b>-224</b>
<b>Profit (loss) after taxes (iv)</b>	<b>150</b>	<b>-453</b>
<b>Earnings (loss) per share, after dilution</b>	<b>1.02</b>	<b>-3.12</b>

- (i) Operating Profit before depreciation and amortization
- (ii) Operating Profit (loss) after depreciation and amortization
- (iii) Profit (loss) after financial items
- (iv) The taxes for the period are mainly related to deferred taxes and have no cash impact

### Operating highlights for the third quarter, 2002

- During the quarter Tele2 completed the funding of Svenska UMTS nät, the Swedish UMTS network company jointly owned with Telia. Tele2 and Telia announced a banking facility of SEK 11 billion to fully fund the build out of the UMTS network in Sweden.
- Tele2 announced an agreement with Telenor for an MVNO in Norway as an alternative UMTS strategy. Tele2 is now in talks with the Norwegian Government concerning its UMTS license.
- Tele2 Austria announced an MVNO agreement with Connect Austria so that Tele2 can use Connect's wireless network to provide the air interface for its future mobile operations.
- Local calling is being progressively introduced across Europe and is already widely available including Sweden, France, Spain and Italy. Local calling has been available in Holland since 1 August 2002 and will be introduced in other countries in due course.
- With great sadness the Board of Directors of Tele2 AB announced that the Chairman of the company, Mr. Jan Hugo Stenbeck, passed away at the age of 59 years old.
- On 22 August Mr. Bruce Grant was appointed Chairman by the Board of Directors.

## OPERATIONAL REVIEW BY MARKET AREA

### Number of customers

	September 30,		
	2002	2001	%
	'000s	'000s	
<b>By Market Area</b>			
Nordic	6,511	6,076	7%
Eastern Europe and Russia	1,331	574	132%
Central Europe	3,458	2,948	17%
Southern Europe	4,955	3,868	28%
Luxembourg	224	199	13%
<b>TOTAL</b>	<b>16,479</b>	<b>13,665</b>	<b>21%</b>
<b>By Business Area</b>			
Mobile telephony	4,641	3,278	42%
<i>Whereof Prepaid</i>	3,082	1,964	57%
Fixed telephony and Internet	11,579	10,387	11%
Cable TV	259	-	-
<b>TOTAL</b>	<b>16,479</b>	<b>13,665</b>	<b>21%</b>

### **Nordic**

**Operating revenue Q3**, MSEK 3,321 (3,026), +10%

**EBITDA Q3**, MSEK 1,251 (1,076), +16%

The Nordic market encompasses Tele2 operations in Sweden, Norway, Denmark and Finland, and Datametrix. Optimal Telecom is included with effect from 1 January 2002 (note 4).

Tele2 has agreed terms with Telia in Sweden, Telenor in Norway and TDC in Denmark to resell ADSL services and Tele2 has launched these services over the summer.

### Sweden

Tele2 in Sweden is the main component of the Nordic market area. In the third quarter Tele2 in Sweden was able to maintain high margins, with EBITDA margins of 56% in mobile and 24% in fixed line and Internet. The mobile operations in Sweden reported 2.9 million customers, an annualized increase of 28%, and Comviq has increased its market share of new sales. Monthly average revenue per mobile customers (ARPU), including both postpaid and prepaid customers, was SEK 200 in the third quarter and monthly mobile minutes of usage (MOU) were 106 in the third quarter. Prepaid mobile customers accounted for 70% of the total mobile subscriber base. Fixed telephony and Internet had 1.8 million customers at the end of the quarter.

### Denmark, Finland and Norway

Denmark, Finland and Norway reported 1.6 million, predominantly fixed telephony and Internet customers and encouragingly, competitive pressures continue to reduce in these countries. Further costs have been reduced with staff reductions in Denmark and Norway of 10% and 20% respectively.

During the quarter Tele2 reached agreement for an MVNO for UMTS in Norway with Telenor in exchange for Telenor's access to Tele2's UMTS network in Sweden. The advantage for Tele2 is to save on capital expenditure for UMTS in Norway which was originally envisaged to be some SEK 5 billion. Tele2 is now in discussions with the Norwegian regulator concerning its UMTS license. In Norway margins have improved, and Tele2 is currently the only major competitor to Telenor. In July Tele2 Denmark purchased Ventelos' corporate customers.

## Eastern Europe and Russia

**Operating revenue Q3**, MSEK 612 (284), +115%

**EBITDA Q3**, MSEK 178 (79), +125%

The Eastern Europe and Russia market encompasses Tele2 operations in the Baltics (Lithuania, Latvia and Estonia), in Poland, the Czech Republic and 12 GSM licenses in Russia, and X-source.

In the Baltics, Tele2's service offering was enhanced through the launch of a pan-Baltic Intelligent Network pre-paid platform supporting pre-paid roaming. In Estonia there was the successful launch of one invoice for mobile and fixed line and a new promotion on SMS led to a fivefold increase in usage. In Latvia Tele2 acquired an UMTS license and in Czech Republic Tele2 become the first alternative operator offering fixed telephony to the mass market. The Revenues within Eastern Europe and Russia are predominantly from the mobile businesses.

## Central Europe

**Operating revenue Q3**, MSEK 1,421 (1,215), +17%

**EBITDA Q3**, MSEK -23 (-119), of which MSEK 16 (-120) for fixed telephony & Internet

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

The fixed line operations were EBITDA positive for the third quarter, with an ARPU of SEK 150.

The fixed line operations excluding Germany delivered an EBITDA margin of 7% which is in line with our target to increase EBITDA margins by 4-5 percentage points per year after achieving breakeven.

In Germany Tele2 is the number four fixed line operator after the incumbent, and the consolidation in the market has helped stabilize prices as a number of competitors have withdrawn. Finally, there has been a positive decision to introduce local pre-select, and from mid 2003 we expect to see the same benefits that have already come through in Southern Europe. Our strategy until then will be to maintain our position in Germany and concentrate marketing expenditure in other markets until a complete product offering is available.

With regard to the MVNO rollout Tele2 has signed an MVNO contract in Austria with Connect Austria in the third quarter and this will be launched shortly. In the Netherlands Tele2 now has over 15% market share on new sales of mobile subscriptions and this business success illustrates the benefits of cross selling mobile services to Tele2's fixed line customer base. Tele2 is on course to convert 10% of its fixed line customer base by the year end.

Tele2 is now the second largest alternative operator in Switzerland, and it is the largest alternative fixed telephony operator in Austria. Consumption per customer in both countries continues to rise reflecting the high levels of preselection and the introduction of local calling.

## Southern Europe

**Operating revenue Q3**, MSEK 1,949 (1,297), +50%

**EBITDA Q3**, MSEK -4 (-295)

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

Southern Europe has continued to show strong growth in operating revenue, which was up 50% in quarter three. There has been a further strong improvement in EBITDA in the third quarter with MSEK -4 as compared to MSEK -295 in quarter three last year. Tele2 achieved a strong ARPU for Southern Europe of SEK 139 in the third quarter.

Tele2 now offers a complete product portfolio including local, long distance, international and fixed to mobile calls. Tele2 now offers local calls to 100% of clients in France, Italy and Spain, which has had a very positive impact on traffic, revenues and churn and these improvements have been achieved at minimal cost.

Tele2 France continued to grow strongly and confirms its position as the leading alternative operator. Tele2 Italy had a very strong intake compared with quarter three, 2001, and has now launched a dial-up Internet service. Tele2 Italy gained market share over all its competitors in the residential market during quarter three. In Spain Tele2 introduced local calling in June, which has increased traffic substantially.

### **Luxembourg**

**Operating revenue Q3**, MSEK 177 (174), +2%

**EBITDA Q3**, MSEK 40 (33), +21%

The Luxembourg market includes Tele2 operations in Liechtenstein and Luxembourg, a license in Belgium, 3C and Transac.

Tango is the largest mobile provider in Luxembourg. The launch of TANGO TV, in conjunction with Tango Sunshine radio, is successfully reaching its younger target audience and is the first step to interactivity between media and mobile which will drive SMS traffic in particular. Tango has launched GPRS prepaid and has also recently launched MMS services.

### **Branded Products and Services**

**Operating revenue Q3**, MSEK 215 (336)

**EBITDA Q3**, MSEK -20 (-53)

Branded Products include Tele2 UK, the operation launched in conjunction with the Post Office in the UK, C<sup>3</sup>, Everyday.com and IntelliNet.

### **GROUP REVIEW**

#### **Parent Company**

At the Parent company level, Tele2 reported, at September 30, 2002, operating revenue of MSEK 13 (9), EBIT of MSEK -60 (-32) and liquidity of MSEK 2 compared to MSEK 8 at December 31, 2001.

In May 2002 the AGM authorized the board to issue an option program to employees within the Group through a new issue in the company representing a maximum of 1,055,000 B-shares (Note 2).

In July 2002, 8,317,143 A-shares have been converted into B-shares (see Note 2).

### **COMPANY DISCLOSURE**

#### **Fourth Quarter of 2002 Results**

The date for the release of Tele2's financial and operating results for the period ended December 31, 2002 will be announced later.

**Stockholm 23 October 2002**

**Lars-Johan Jarnheimer**

**President and CEO, Tele2 AB**

### **REPORT REVIEW**

The financial and operating results for the period ended September 30, 2002 have not been subject to specific review by the Company's auditor.

*Tele2 AB, formed in 1993, is the leading alternative pan-European telecommunications company offering fixed and mobile telephony, data network and Internet services under the brands Tele2, Tango and Comviq to 16.5 million people in 21 countries. Tele2 operates Datamatrix, which specializes in systems integration, 3C Communications, operating public pay telephones and public Internet services; Transac, providing billing and transaction processing service; C<sup>3</sup>, offering co-branded pre-paid calling cards and IntelliNet and Optimal Telecom, the price-guaranteed residential router device. The Group offers cable television services under the Kabelvision brand name and together with MTG, owns the Internet portal Everyday.com. The Company is listed on the Stockholmsbörsen, under TEL2A and TEL2B, and on the Nasdaq Stock Market under TLTOA and TLTOB.*

## **CONTACTS**

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## **CONFERENCE CALL DETAILS**

A conference call to discuss the results will be held at 16.00 (Swedish time) / 10.00 (New York time), on 23 October 2002. The dial in number is: +44 (0)20 8240 8246 and participants should quote 'Tele2 AB'. A live audio stream of the conference call can also be accessed at [www.Tele2.com](http://www.Tele2.com). Please dial in / log on 10 minutes prior to the start of the conference call to allow time for registration. An instantaneous recording of the conference call will be available for 48 hours after the call on +44 (0)20 8288 4459 access code 509312.

## **APPENDICES**

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**CONSOLIDATED INCOME STATEMENT (MSEK)**

	<b>2002</b>	<b>2001</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>Jan 1-Sep 30</b>	<b>Jan 1-Sep 30</b>	<b>Full year</b>	<b>Q3</b>	<b>Q3</b>
Operating revenue	22,791	18,159	25,085	7,695	6,332
Operating expenses	-21,583	-19,424	-26,555	-7,071	-6,434
Other revenues	34	162	189	17	57
Other expenses	-27	-28	-75	-9	4
<b>Operating Profit (loss)</b>	<b>1,215</b>	<b>-1,131</b>	<b>-1,356</b>	<b>632</b>	<b>-41</b>
Share of profit (loss) of associated companies	-25	-50	-58	-5	-
Sale of associated company	-	-	91	-	-
Net interest and other financial expenses	-511	-419	-621	-208	-183
<b>Profit (loss) after financial items</b>	<b>679</b>	<b>-1,600</b>	<b>-1,944</b>	<b>419</b>	<b>-224</b>
Taxes	Note 1 -819	-592	2,335	-269	-231
Minority interest	3	5	1	-	2
<b>Profit (loss) after taxes</b>	<b>-137</b>	<b>-2,187</b>	<b>392</b>	<b>150</b>	<b>-453</b>
<b>Earnings (loss) per share after tax (SEK)</b>	-0.93	-15.10	2.70	1.02	-3.13
<b>Earnings (loss) per share after tax, after dilution (SEK)</b>	-0.93	-15.07	2.70	1.02	-3.12
Number of shares, basic	Note 2 147,360,175	144,798,726	147,360,175		
Number of shares, weighted average	Note 2 147,360,175	144,798,726	145,003,847		
Number of shares after dilution	Note 2 147,560,175	145,098,726	147,560,175		
Number of shares after dilution, weighted average	Note 2 147,560,175	145,098,726	145,223,466		

**CONSOLIDATED BALANCE SHEET (MSEK)**

		<b>2002</b>	<b>2001</b>	<b>2001</b>
		<b>Sep 30</b>	<b>Sep 30</b>	<b>Dec 31</b>
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		25,967	28,856	27,769
Tangible assets		9,413	8,850	9,431
Long-term financial assets	Note 1	1,871	684	2,390
		<b>37,251</b>	<b>38,390</b>	<b>39,590</b>
<b>Current assets</b>				
Materials and supplies		304	415	362
Current receivables		7,343	6,486	6,929
Cash and cash equivalents		2,600	968	2,275
		<b>10,247</b>	<b>7,869</b>	<b>9,566</b>
<b>Total assets</b>		<b>47,498</b>	<b>46,259</b>	<b>49,156</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Restricted equity		26,632	28,603	36,478
Non-restricted equity		1,588	-1,663	-6,961
		<b>28,220</b>	<b>26,940</b>	<b>29,517</b>
<b>Minority interest</b>		<b>23</b>	<b>2</b>	<b>28</b>
<b>Provisions</b>				
Deferred tax liabilities	Note 1	-	1,166	-
Other provisions		14	-	-
		<b>14</b>	<b>1,166</b>	<b>-</b>
<b>Long-term liabilities</b>				
Interest-bearing liabilities		9,430	10,616	10,972
Non-interest-bearing liabilities		2	7	8
		<b>9,432</b>	<b>10,623</b>	<b>10,980</b>
<b>Short-term liabilities</b>				
Interest-bearing liabilities		1,676	125	882
Non-interest-bearing liabilities		8,133	7,403	7,749
		<b>9,809</b>	<b>7,528</b>	<b>8,631</b>
<b>Total equity and liabilities</b>		<b>47,498</b>	<b>46,259</b>	<b>49,156</b>

**CONSOLIDATED CASH FLOW STATEMENT (MSEK)**

	<b>2002</b>	<b>2001</b>	<b>2001</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>	
	<b>Jan 1-</b>	<b>Jan 1-</b>	<b>Full</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	
	<b>Sep 30</b>	<b>Sep 30</b>	<b>year</b>							
Cash flows from operation	3,156	653	1,161	1,250	1,060	846	508	590	198	
Change in working capital	-45	-856	-748	-5	27	-67	108	-967	187	
<b>Cash flows provided by operating activities</b>	<b>3,111</b>	<b>-203</b>	<b>413</b>	<b>1,245</b>	<b>1,087</b>	<b>779</b>	<b>616</b>	<b>-377</b>	<b>385</b>	
Investing activities	Note 3	-1,985	-2,036	-1,467	-413	-1,017	-555	569	-883	-565
<b>Cash flow after investing activities</b>	<b>1,126</b>	<b>-2,239</b>	<b>-1,054</b>	<b>832</b>	<b>70</b>	<b>224</b>	<b>1,185</b>	<b>-1,260</b>	<b>-180</b>	
Financing activities	Note 3	-599	1,695	1,793	-375	-196	-28	98	1,232	325
<b>Net change in cash</b>	<b>527</b>	<b>-544</b>	<b>739</b>	<b>457</b>	<b>-126</b>	<b>196</b>	<b>1,283</b>	<b>-28</b>	<b>145</b>	
Cash at beginning of period	2,275	1,511	1,511	2,135	2,388	2,275	968	1,070	871	
Exchange difference in cash	-202	1	25	8	-127	-83	24	-74	54	
<b>Cash at end of period*</b>	<b>2,600</b>	<b>968</b>	<b>2,275</b>	<b>2,600</b>	<b>2,135</b>	<b>2,388</b>	<b>2,275</b>	<b>968</b>	<b>1,070</b>	
*of which restricted funds	960	-	897	960	892	963	897	-	-	
For additional cash flow information:	Note 3									

**CHANGE OF CONSOLIDATED SHAREHOLDERS' EQUITY (MSEK)**

	<b>2002</b>			<b>2001</b>		
	<b>Restricted</b>	<b>Non restricted</b>		<b>Restricted</b>	<b>Non restricted</b>	
	<b>Share capital</b>	<b>Other</b>		<b>Share capital</b>	<b>Other</b>	
Equity, January 1	737	35,741	-6,961	724	25,098	717
Withdrawal from the share premium reserve	-	-7,387	7,387	-	-	-
Translation differences and other transfers	-	-2,459	1,299	-	2,781	-193
Profit, year-to-date	-	-	-137	-	-	-2,187
<b>Equity, September 30</b>	<b>737</b>	<b>25,895</b>	<b>1,588</b>	<b>724</b>	<b>27,879</b>	<b>-1,663</b>
<b>Total restricted and retained earnings</b>		<b>26,632</b>	<b>1,588</b>		<b>28,603</b>	<b>-1,663</b>

**NUMBER OF CUSTOMERS (in thousands)**

	Number of customers			Net intake						
	2002 Sep 30	2001 Sep 30	Change	2002 Q3	2002 Q2	2002 Q1	2001 Q4	2001 Q3	2001 Q2	
<b><u>Nordic</u></b>										
Mobile telephony	Note 4	3,087	2,521	22%	149	116	180	121	154	120
Fixed telephony and Internet	Note 4	3,228	3,555	-9%	-89	-118	-197	77	178	-39
Cable TV		196	-	-	4	3	189	-	-	-
		<b>6,511</b>	<b>6,076</b>	<b>7%</b>	<b>64</b>	<b>1</b>	<b>172</b>	<b>198</b>	<b>332</b>	<b>81</b>
<b><u>Eastern Europe &amp; Russia</u></b>										
Mobile telephony		1,175	566	108%	104	117	101	287	91	118
Fixed telephony and Internet		93	8	1063%	10	2	4	69	2	6
Cable TV		63	-	-	-	-3	-	66	-	-
		<b>1,331</b>	<b>574</b>	<b>132%</b>	<b>114</b>	<b>116</b>	<b>105</b>	<b>422</b>	<b>93</b>	<b>124</b>
<b><u>Central Europe</u></b>										
Mobile telephony		201	34	491%	42	63	48	14	-4	4
Fixed telephony and Internet		3,257	2,914	12%	-7	70	51	229	137	-
		<b>3,458</b>	<b>2,948</b>	<b>17%</b>	<b>35</b>	<b>133</b>	<b>99</b>	<b>243</b>	<b>133</b>	<b>4</b>
<b><u>Southern Europe</u></b>										
Fixed telephony and Internet		4,955	3,868	28%	212	212	245	418	215	234
		<b>4,955</b>	<b>3,868</b>	<b>28%</b>	<b>212</b>	<b>212</b>	<b>245</b>	<b>418</b>	<b>215</b>	<b>234</b>
<b><u>Luxembourg</u></b>										
Mobile telephony		178	157	13%	4	3	4	10	12	10
Fixed telephony and Internet		46	42	10%	-1	2	1	2	1	3
Cable TV		-	-	-	-	-	-	-	-	-
		<b>224</b>	<b>199</b>	<b>13%</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>12</b>	<b>13</b>	<b>13</b>
<b>Total number of customers</b>		<b>16,479</b>	<b>13,665</b>	<b>21%</b>	<b>428</b>	<b>467</b>	<b>626</b>	<b>1 293</b>	<b>786</b>	<b>456</b>

**BY BUSINESS AREA**

Mobile telephony		4,641	3,278	42%	299	299	333	432	253	252
<i>of which prepaid</i>		3,082	1,964	57%	379	193	331	215	269	171
Fixed telephony and Internet		11,579	10,387	11%	125	168	104	795	533	204
Cable TV		259	-	-	4	-	189	66	-	-
<b>Total number of customers</b>		<b>16,479</b>	<b>13,665</b>	<b>21%</b>	<b>428</b>	<b>467</b>	<b>626</b>	<b>1 293</b>	<b>786</b>	<b>456</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK)**

		<u>OPERATING REVENUE</u>							
		2002	2001	2002	2002	2002	2001	2001	2001
		Jan 1-Sep 30	Jan 1- Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
<b><u>Nordic</u></b>									
Mobile telephony	Note 4-5	5,303	4,438	1,849	1,784	1,670	1,591	1,664	1,452
Fixed telephony and Internet	Note 4	4,968	4,279	1,576	1,656	1,736	1,607	1,363	1,438
Cable TV		194	119	68	64	62	52	43	29
Data processing		136	225	41	47	48	55	52	104
Adjustments for sales internal		-503	-308	-213	-172	-118	-160	-96	-111
		<b>10,098</b>	<b>8,753</b>	<b>3,321</b>	<b>3,379</b>	<b>3,398</b>	<b>3,145</b>	<b>3,026</b>	<b>2,912</b>
<b><u>Eastern Europe &amp; Russia</u></b>									
Mobile telephony		1,519	724	551	523	445	370	270	258
Fixed telephony and Internet		137	22	49	50	38	12	11	8
Cable TV		19	-	6	7	6	-	-	-
Data processing		52	35	19	19	14	18	11	13
Adjustments for sales internal		-33	-22	-13	-11	-9	-11	-8	-7
		<b>1,694</b>	<b>759</b>	<b>612</b>	<b>588</b>	<b>494</b>	<b>389</b>	<b>284</b>	<b>272</b>
<b><u>Central Europe</u></b>									
Mobile telephony		83	18	45	22	16	7	7	6
Fixed telephony and Internet		4,309	3,895	1,464	1,438	1,407	1,444	1,292	1,419
Adjustments for sales internal		-249	-441	-88	-86	-75	-79	-84	-220
		<b>4,143</b>	<b>3,472</b>	<b>1,421</b>	<b>1,374</b>	<b>1,348</b>	<b>1,372</b>	<b>1,215</b>	<b>1,205</b>
<b><u>Southern Europe</u></b>									
Fixed telephony and Internet		5,960	4,025	2,027	2,065	1,868	1,566	1,406	1,415
Adjustments for sales internal		-213	-383	-78	-55	-80	-84	-109	-122
		<b>5,747</b>	<b>3,642</b>	<b>1,949</b>	<b>2,010</b>	<b>1,788</b>	<b>1,482</b>	<b>1,297</b>	<b>1,293</b>
<b><u>Luxembourg</u></b>									
Mobile telephony		392	322	142	130	120	149	113	109
Fixed telephony and Internet		150	165	48	52	50	46	60	55
Cable TV	Note 6	1	-	-1	1	1	5	-	-
Data processing		82	70	29	28	25	29	28	25
Adjustments for sales internal		-87	-78	-41	-16	-30	-45	-27	-26
		<b>538</b>	<b>479</b>	<b>177</b>	<b>195</b>	<b>166</b>	<b>184</b>	<b>174</b>	<b>163</b>
<b><u>Branded products and services</u></b>									
Mobile telephony	Note 4	-	4	-	-	-	13	4	-15
Fixed telephony and Internet	Note 4	684	1,191	254	210	220	368	372	432
Adjustments for sales internal		-113	-141	-39	-46	-28	-27	-40	-49
		<b>571</b>	<b>1,054</b>	<b>215</b>	<b>164</b>	<b>192</b>	<b>354</b>	<b>336</b>	<b>368</b>
<b>Total operating revenue</b>		<b>22,791</b>	<b>18,159</b>	<b>7,695</b>	<b>7,710</b>	<b>7,386</b>	<b>6,926</b>	<b>6,332</b>	<b>6,213</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony	Note 5	7,297	5,506	2,587	2,459	2,251	2,130	2,058	1,810
Fixed telephony and Internet		16,208	13,577	5,418	5,471	5,319	5,043	4,504	4,767
Cable TV		214	119	73	72	69	57	43	29
Data processing		270	330	89	94	87	102	91	142
Adjustments for sales internal		-1,198	-1,373	-472	-386	-340	-406	-364	-535
<b>Total operating revenue</b>		<b>22,791</b>	<b>18,159</b>	<b>7,695</b>	<b>7,710</b>	<b>7,386</b>	<b>6,926</b>	<b>6,332</b>	<b>6,213</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK), continued**

		<u>EBITDA</u>							
		2002	2001	2002	2002	2002	2001	2001	2001
		Jan 1-Sep 30	Jan 1-Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
<b><u>Nordic</u></b>									
Mobile telephony	Note 4-5	2,682	2,163	955	903	824	754	885	693
Fixed telephony and Internet	Note 4	840	544	279	292	269	303	204	152
Cable TV		27	-30	15	8	4	19	-14	-18
Data processing		4	12	2	1	1	3	1	6
		<b>3,553</b>	<b>2,689</b>	<b>1,251</b>	<b>1,204</b>	<b>1,098</b>	<b>1,079</b>	<b>1,076</b>	<b>833</b>
<b><u>Eastern Europe &amp; Russia</u></b>									
Mobile telephony		480	224	193	150	137	96	82	79
Fixed telephony and Internet		-44	-32	-17	-16	-11	-24	-4	-21
Cable TV		-	-	-	-	-	-	-	-
Data processing		1	4	2	-1	-	4	1	-
		<b>437</b>	<b>196</b>	<b>178</b>	<b>133</b>	<b>126</b>	<b>76</b>	<b>79</b>	<b>58</b>
<b><u>Central Europe</u></b>									
Mobile telephony		-141	2	-39	-63	-39	-23	1	-
Fixed telephony and Internet		40	-531	16	12	12	-54	-120	-133
		<b>-101</b>	<b>-529</b>	<b>-23</b>	<b>-51</b>	<b>-27</b>	<b>-77</b>	<b>-119</b>	<b>-133</b>
<b><u>Southern Europe</u></b>									
Fixed telephony and Internet		-257	-1,002	-4	-72	-181	-329	-295	-310
		<b>-257</b>	<b>-1,002</b>	<b>-4</b>	<b>-72</b>	<b>-181</b>	<b>-329</b>	<b>-295</b>	<b>-310</b>
<b><u>Luxembourg</u></b>									
Mobile telephony		117	97	53	35	29	4	43	29
Fixed telephony and Internet		11	-36	-2	7	6	-25	-5	-27
Cable TV	Note 6	-22	-	-8	-5	-9	-4	-	-
Data processing		-11	-19	-3	-5	-3	-12	-5	-3
		<b>95</b>	<b>42</b>	<b>40</b>	<b>32</b>	<b>23</b>	<b>-37</b>	<b>33</b>	<b>-1</b>
<b><u>Branded products and services</u></b>									
Mobile telephony	Note 4	-	-7	-	-	-	-15	-4	7
Fixed telephony and Internet	Note 4	-149	-323	-20	-39	-90	-64	-49	-107
		<b>-149</b>	<b>-330</b>	<b>-20</b>	<b>-39</b>	<b>-90</b>	<b>-79</b>	<b>-53</b>	<b>-100</b>
<b>Total EBITDA</b>		<b>3,578</b>	<b>1,066</b>	<b>1,422</b>	<b>1,207</b>	<b>949</b>	<b>633</b>	<b>721</b>	<b>347</b>
<b><u>BY BUSINESS AREA</u></b>									
Mobile telephony	Note 5	3,138	2,479	1,162	1,025	951	816	1,007	808
Fixed telephony and Internet		441	-1,380	252	184	5	-193	-269	-446
Cable TV		5	-30	7	3	-5	15	-14	-18
Data processing		-6	-3	1	-5	-2	-5	-3	3
<b>Total EBITDA</b>		<b>3,578</b>	<b>1,066</b>	<b>1,422</b>	<b>1,207</b>	<b>949</b>	<b>633</b>	<b>721</b>	<b>347</b>
<b><u>EBITDA MARGIN</u></b>									
Nordic	Note 4-5	35%	31%	38%	36%	32%	34%	36%	29%
Eastern Europe & Russia		26%	26%	29%	23%	26%	20%	28%	21%
Central Europe		-2%	-15%	-2%	-4%	-2%	-6%	-10%	-11%
Southern Europe		-4%	-28%	0%	-4%	-10%	-22%	-23%	-24%
Luxembourg		18%	9%	23%	16%	14%	-20%	19%	-1%
Branded products and services	Note 4	-26%	-31%	-9%	-24%	-47%	-22%	-16%	-27%
<b>Total EBITDA margin</b>		<b>16%</b>	<b>6%</b>	<b>18%</b>	<b>16%</b>	<b>13%</b>	<b>9%</b>	<b>11%</b>	<b>6%</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS (MSEK), continued**

		<b>EBIT</b>		2002	2002	2002	2001	2001	2001
		2002	2001	2002	2002	2002	2001	2001	2001
		Jan 1-Sep 30	Jan 1-Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
<b><u>Nordic</u></b>									
Mobile telephony	Note 4-5	2,392	1,900	855	805	732	663	795	609
Fixed telephony and Internet	Note 4	496	184	172	180	144	179	80	30
Cable TV		-27	-84	-4	-9	-14	1	-32	-37
Data processing		1	10	1	-	-	2	-	6
		<b>2,862</b>	<b>2,010</b>	<b>1,024</b>	<b>976</b>	<b>862</b>	<b>845</b>	<b>843</b>	<b>608</b>
<b><u>Eastern Europe &amp; Russia</u></b>									
Mobile telephony		242	114	121	67	54	-38	41	44
Fixed telephony and Internet		-62	-45	-24	-23	-15	-34	-12	-25
Cable TV		-8	-	-4	-2	-2	-	-	-
Data processing		-12	-6	-1	-5	-6	3	-2	-2
		<b>160</b>	<b>63</b>	<b>92</b>	<b>37</b>	<b>31</b>	<b>-69</b>	<b>27</b>	<b>17</b>
<b><u>Central Europe</u></b>									
Mobile telephony		-154	2	-44	-67	-43	-26	1	-
Fixed telephony and Internet		-41	-608	-13	-14	-14	-75	-147	-158
		<b>-195</b>	<b>-606</b>	<b>-57</b>	<b>-81</b>	<b>-57</b>	<b>-101</b>	<b>-146</b>	<b>-158</b>
<b><u>Southern Europe</u></b>									
Fixed telephony and Internet		-353	-1,068	-41	-101	-211	-359	-319	-336
		<b>-353</b>	<b>-1,068</b>	<b>-41</b>	<b>-101</b>	<b>-211</b>	<b>-359</b>	<b>-319</b>	<b>-336</b>
<b><u>Luxembourg</u></b>									
Mobile telephony		69	49	36	19	14	-13	24	14
Fixed telephony and Internet		-2	-66	-7	3	2	-43	-15	-37
Cable TV	Note 6	-26	-	-11	-6	-9	-5	-	-
Data processing		-14	-22	-3	-6	-5	-13	-6	-4
		<b>27</b>	<b>-39</b>	<b>15</b>	<b>10</b>	<b>2</b>	<b>-74</b>	<b>3</b>	<b>-27</b>
<b><u>Branded products and services</u></b>									
Mobile telephony	Note 4	-	-7	-	-	-	-15	-4	7
Fixed telephony and Internet	Note 4	-158	-350	-23	-42	-93	-74	-60	-114
		<b>-158</b>	<b>-357</b>	<b>-23</b>	<b>-42</b>	<b>-93</b>	<b>-89</b>	<b>-64</b>	<b>-107</b>
Group adjustments, depreciation		-1,128	-1,134	-378	-376	-374	-378	-385	-376
<b>Total EBIT</b>		<b>1,215</b>	<b>-1,131</b>	<b>632</b>	<b>423</b>	<b>160</b>	<b>-225</b>	<b>-41</b>	<b>-379</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony	Note 5	2,549	2,058	968	824	757	571	857	674
Fixed telephony and Internet		-120	-1,953	64	3	-187	-406	-473	-640
Cable TV		-61	-84	-19	-17	-25	-4	-32	-37
Data processing		-25	-18	-3	-11	-11	-8	-8	0
Group adjustments, depreciation		-1,128	-1,134	-378	-376	-374	-378	-385	-376
<b>Total EBIT</b>		<b>1,215</b>	<b>-1,131</b>	<b>632</b>	<b>423</b>	<b>160</b>	<b>-225</b>	<b>-41</b>	<b>-379</b>
<b>EBIT MARGIN</b>									
Nordic	Note 4-5	28%	23%	31%	29%	25%	27%	28%	21%
Eastern Europe & Russia		9%	8%	15%	6%	6%	-18%	10%	6%
Central Europe		-5%	-17%	-4%	-6%	-4%	-7%	-12%	-13%
Southern Europe		-6%	-29%	-2%	-5%	-12%	-24%	-25%	-26%
Luxembourg		5%	-8%	8%	5%	1%	-40%	2%	-17%
Branded products and services	Note 4	-28%	-34%	-11%	-26%	-48%	-25%	-19%	-29%
<b>Total EBIT margin</b>		<b>5%</b>	<b>-6%</b>	<b>8%</b>	<b>5%</b>	<b>2%</b>	<b>-3%</b>	<b>-1%</b>	<b>-6%</b>

**INVESTMENTS (MSEK)\***

\*according to the Cash flow Statement

		2002	2001	2002	2002	2002	2001	2001	2001
		Jan 1-Sep 30	Jan 1-Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
<b>Market areas</b>									
Nordic	Note 4	738	829	202	243	293	200	248	252
Eastern Europe & Russia		367	200	141	101	125	128	130	3
Central Europe		81	143	28	16	37	6	93	28
Southern Europe		107	349	26	30	51	105	73	180
Luxembourg		66	30	22	22	22	92	14	8
Branded products and services	Note 4	5	44	-1	3	3	19	30	-1
		1,364	1,595	418	415	531	550	588	470
Change of long-term receivables		-	87	-11	11	-	-	25	11
Purchase/sale of companies	Note 3	621	354	6	591	24	-1 119	270	84
<b>Total investments</b>		<b>1,985</b>	<b>2,036</b>	<b>413</b>	<b>1,017</b>	<b>555</b>	<b>-569</b>	<b>883</b>	<b>565</b>
<b>Business areas</b>									
Mobile telephony		690	623	235	206	249	166	269	142
Fixed telephony and Internet		586	872	150	189	247	400	292	300
Cable TV		80	77	31	21	28	-25	19	20
Data processing		8	23	2	-1	7	9	8	8
		1,364	1,595	418	415	531	550	588	470
Change of long-term receivables		-	87	-11	11	-	-	25	11
Purchase/sale of companies	Note 3	621	354	6	591	24	-1 119	270	84
<b>Total investments</b>		<b>1,985</b>	<b>2,036</b>	<b>413</b>	<b>1,017</b>	<b>555</b>	<b>-569</b>	<b>883</b>	<b>565</b>

**TELE2 IN SWEDEN (MSEK)\***

\*Optimal Telecom is included from January 1, 2002 (see Note 4).

		2002	2001	2002	2002	2002	2001	2001	2001
		Jan 1-Sep 30	Jan 1-Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
<b>Operating revenue</b>									
Mobile telephony	Note 5	4,954	4,207	1,695	1,670	1,589	1,513	1,560	1,377
Fixed telephony and Internet		2,905	2,330	901	956	1,048	853	726	782
Cable TV		182	108	64	60	58	49	39	26
<b>Total Tele2 in Sweden</b>		<b>8,041</b>	<b>6,645</b>	<b>2,660</b>	<b>2,686</b>	<b>2,695</b>	<b>2,415</b>	<b>2,325</b>	<b>2,185</b>
<b>EBITDA</b>									
Mobile telephony	Note 5	2,766	2,303	954	938	874	808	897	730
Fixed telephony and Internet		654	455	219	219	216	220	161	141
Cable TV		27	-32	14	9	4	19	-15	-19
<b>Total Tele2 in Sweden</b>		<b>3,447</b>	<b>2,726</b>	<b>1,187</b>	<b>1,166</b>	<b>1,094</b>	<b>1,047</b>	<b>1,043</b>	<b>852</b>
<b>EBITDA margin</b>									
Mobile telephony	Note 5	56%	55%	56%	56%	55%	53%	58%	53%
Fixed telephony and Internet		23%	20%	24%	23%	21%	26%	22%	18%
Cable TV		15%	-30%	22%	15%	7%	39%	-38%	-73%
<b>Total Tele2 in Sweden</b>		<b>43%</b>	<b>41%</b>	<b>45%</b>	<b>43%</b>	<b>41%</b>	<b>43%</b>	<b>45%</b>	<b>39%</b>
<b>EBIT</b>									
Mobile telephony	Note 5	2,478	2,041	855	842	781	718	807	645
Fixed telephony and Internet		392	194	135	135	122	130	74	53
Cable TV		-25	-85	-3	-9	-13	2	-33	-37
<b>Total Tele2 in Sweden</b>		<b>2,845</b>	<b>2,150</b>	<b>987</b>	<b>968</b>	<b>890</b>	<b>850</b>	<b>848</b>	<b>661</b>
<b>EBIT margin</b>									
Mobile telephony	Note 5	50%	49%	50%	50%	49%	47%	52%	47%
Fixed telephony and Internet		13%	8%	15%	14%	12%	15%	10%	7%
Cable TV		-14%	-79%	-5%	-15%	-22%	4%	-85%	-142%
<b>Total Tele2 in Sweden</b>		<b>35%</b>	<b>32%</b>	<b>37%</b>	<b>36%</b>	<b>33%</b>	<b>35%</b>	<b>36%</b>	<b>30%</b>

**FIVE YEAR SUMMARY**

	2002 Jan 1-Sep 30	2001 Jan 1-Sep 30	2001	2000	1999	1998
<b><u>Income Statement and Balance Sheet</u></b>						
<b><u>(MSEK)</u></b>						
Operating revenue	22,791	18,159	25,085	12,440	8,171	5,918
Operating profit before depreciation	3,578	1,066	1,699	1,820	2,060	1,165
Operating profit (loss) after depreciation	1,215	-1,131	-1,356	420	1,152	506
Profit (loss) after financial items	679	-1,600	-1,944	165	4,184	219
Profit (loss) after taxes	-137	-2,187	392	-396	3,768	53
Shareholders' equity	28,220	26,940	29,517	26,539	6,659	2,926
Shareholders' equity, after dilution	28,250	26,985	29,547	26,584	6,659	2,926
Total assets	47,498	46,259	49,156	42,345	14,401	9,995
Cash flow provided by operating activities	3,111	-203	413	883	1,753	971
Liquidity	2,024	1,956	1,378	1,304	1,123	821
Net borrowing	8,326	9,486	9,286	7,095	4,605	4,600
Net borrowing, after dilution	8,296	9,441	9,256	7,050	4,605	4,600
Investments including financial lease	1,985	2,054	1,485	774	1,475	1,941
<b><u>Key ratio</u></b>						
Solidity, %	59	58	60	63	46	29
Solidity, after dilution, %	59	58	60	63	46	29
Debt/equity ratio, %	0.30	0.35	0.31	0.27	0.69	1.57
Result before depreciation margin, %	15.7	5.9	6.8	14.6	25.2	19.7
Result after depreciation margin, %	5.3	-6.2	-5.4	3.4	14.1	8.6
Return on shareholders' equity, %	-0.5	-8.2	1.4	-2.4	78.6	1.8
Return on shareholders' equity, after dilution, %	-0.5	-8.2	1.4	-2.4	78.6	1.8
Return on capital employed, %	3.2	-3.1	-3.3	1.9	45.2	6.8
Average interest rate, %	7.1	6.1	6.3	4.8	4.8	6.6
Average interest rate, after dilution, %	7.1	6.1	6.3	4.8	4.8	6.6
<b><u>Value per share (SEK)</u></b>						
Profit (loss)	-0.93	-15.10	2.70	-3.47	36.28	0.51
Profit (loss), after dilution	-0.93	-15.07	2.70	-3.47	36.28	0.51
Shareholders' equity	191.50	186.05	203.56	232.62	64.12	28.24
Shareholders' equity, after dilution	191.45	185.98	203.46	232.74	64.12	28.17
Cash flow	21.11	-1.41	2.85	7.74	16.88	9.38
Cash flow, after dilution	21.09	-1.40	2.85	7.73	16.88	9.35
Dividend	-	-	-	-	-	-
Market value at closing day	138.00	264.00	378.00	392.00	598.00	330.00
P/E-ratio	-111.07	-13.11	139.81	-112.89	16.48	642.68
P/E-ratio, after dilution	-111.22	-13.14	140.02	-113.02	16.48	644.24

## NOTES TO THE ACCOUNTS

### **Accounting principles and definitions**

The Interim report has been prepared in accordance with the recommendations RR1:00 - RR21 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 2001. Definitions are stated in the Annual Report for 2001.

### **Note 1 Taxes**

At September 30, 2002 and December 31, 2001 the total deferred tax receivable for the group is MSEK 958 and MSEK 1,764 respectively, and is included in the item "Long-term financial assets".

Tele2 AB has in the fourth quarter of 2001 recorded a deferred tax receivable /-revenue of MSEK 3,082, as a result of the reorganisation of the former SEC-group.

### **Note 2 Shares and Convertibles**

At the AGM in May 2000 the AGM authorized the board to settle the option obligation through new issue. In October 2000 three Convertible debentures were issued with option rights to subscribe for 100,000 new B-shares in Tele2 AB per year for the years 2001, 2002 and 2003. The remaining Convertibles at September 30, 2002 represent 200,000 B-shares.

At the AGM in May 2002 the AGM authorized the board to issue a option program to employees within the Group through a new issue in the company representing a maximum of 1,055,000 B-shares. The AGM also resolved to authorize the Board to offer owners of class A shares the possibility to convert class A shares into class B shares during the period from May 21, 2002 up to and including June 20, 2002. In July 2002 8,317,143 A-shares have been converted into B-shares.

### **Note 3 Non-cash transactions**

The purchase of shares in Tele2 Russia Telecom BV (formely Fora Telecom BV) in December 2001 was made by means of an issue of MSEK 849 and the acquisition of shares in Levicom Broadband in December 2001 was undertaken through loan financing from the seller in the amount of MSEK 134. These transactions have no cash-effect and are not included in the Cash Flow Statements as investments nor as financing. Tele2 Russia and Levicom Broadband had cash of MSEK 884 and MSEK 5, respectively, at the time of acquisition, which is stated as a reduced investment in the Cash Flow Statement.

### **Note 4 Telephony operations in Sweden**

With effect from the 1st of January 2002 Optimal Telecom, which previously was reported in Branded Products, is included in the reported numbers for Nordic Market Area. This increases the visibility and improves the analysis of the financial development in both market areas.

Optimal in Sweden launched its fixed operations in the fourth quarter of 1998 and is today EBITDA-positive. The mobile operations were launched at the end of the second quarter of 2001. Total revenues in the first quarter of 2002 were MSEK 160 (Q1 2001: MSEK 114 and Q4 2001: MSEK 115) whereof fixed telephony and Internet MSEK 145. EBITDA was MSEK -11 (Q1 2001: MSEK 5 and Q4 2001: MSEK -34) of which fixed telephony and Internet MSEK 2. The size of the Optimal operation in Denmark is limited.

In Sweden from 1 January 2002, the reported number of active customers reflects the Group's definitions. Consequently, and with Optimal's one-time inclusion, the number of fixed and Internet customers was adjusted by -197,000 in Q1 2002 and the number of mobile customers by +80,000. Furthermore 189,000 cableTV-customers was reported for the first time in Q1 2002.

### **Note 5 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. The Administrative Court of Appeal did not grant Telia inhibition in this case. Telia has decided to ignore the court's ruling. Final judgement is expected in the first half of 2003.

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 was hereby fully recorded at June 30, 2002.

### **Note 6 Radio station and TV-license in Luxembourg**

The "Tango Sunshine" radio station, can be received over FM, cable and the Internet, and "Tango TV", a license allowing the distribution of a 24 hour TV program via the cable networks in Luxembourg and via the Astra satellite, is reported as business area CableTV in the Luxembourg market area.