



FOR IMMEDIATE RELEASE  
Wednesday, October 24, 2001

## TELE2 AB ANNOUNCES CONTINUING REVENUE GROWTH AND THE DOUBLING OF EBITDA SINCE THE SECOND QUARTER

- 55% Annualized increase in pro forma Operating Revenue in Q3
- Third successive EBITDA positive quarter since SEC Acquisition, doubling Q3/Q2 to MSEK 716
- Tele2's Mobile operations in Sweden reported 57% EBITDA margins in Q3 and 2.4m subscribers (+24%)
  - 35% Annualized increase in pro forma subscribers to 13.7 million
  - Tele2 successfully refinanced debt by EUR 1.2 billion 5 year facility
    - MVNO launched in Netherlands
  - GPRS services launched in Sweden and Luxembourg

New York and Stockholm – October 24, 2001 – Tele2 AB (“Tele2”, “the Group”) (Nasdaq Stock Market: TLTOA and TLTOB and Stockhomsbörsen: TEL2A and TEL2B), the leading alternative pan-European telecommunications company, today announced its consolidated results for the third quarter 2001.

### Tele2 Financial Summary

SEK millions	2001 Q3	2001 Q2	2001 Q1	2000 Q4
Operating Revenue	6,324	6,220	5,619	4,949
Operating Profit (Loss)				
before depreciation and amortization (i)	716	351	2	-356
after depreciation and amortization (ii)	-46	-375	-707	-1,006

(i) EBITDA

(ii) EBIT

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

“Tele2 has become the largest pan-European telecoms brand, with a fast growing subscriber base of 13.7 million subscribers in 21 countries. In the third quarter we saw increasing profitability in the Swedish market and continued improving EBITDA in our operations in Central and Southern Europe. In September, there was a resumption of marketing expenditure in the European fixed-line businesses, after a quieter period over the summer months, and this marketing activity is now driving subscriber intake, bringing increased revenue growth whilst EBITDA losses will be further reduced. Our focus continues to be on customer acquisition at a low cost, churn management and operational cost control, which will be assisted by the recent announcement of cuts in interconnection rates. We believe that margin improvements will continue to be made across the Group through to the year end 2001 and beyond.”

## **FINANCIAL AND OPERATING HIGHLIGHTS**

*(The figures shown in parenthesis correspond to the comparable periods in 2000 and all negative amounts are distinguished with a minus sign).*

### **Financial highlights**

- Tele2's operating revenues were MSEK 18,163 for the nine months ended September 30, 2001, an increase of 60% over the MSEK 11,324 reported pro forma in the same period last year
- The total number of subscribers for the Group at September 30, 2001 was 13.7 million, an increase of 24% pro forma over the same period of 2000
- EBITDA at the Group level was MSEK 1,069 (6) for the nine months ended September 30, 2001. On a quarter by quarter basis, EBITDA improved from MSEK 351 in the second quarter of 2001 to MSEK 716 in the third quarter of 2001, a quarterly improvement of MSEK 365

### **Operating highlights**

- Tele2 launched GPRS in Sweden in October and the offering was well received as the access was at a substantial discount to competitors
- Tele2 launched an MVNO in August in the Netherlands and plans to launch one more MVNO by the year end
- In September, Tele2 Norge acquired Enitel AS's private and corporate fixed telephony and dial-up internet subscribers
- In August, Tele2 finalised a 5 year new amortizing senior debt facility of €1.2 billion

## **FINANCIAL RESULTS**

### **Pro forma results for the nine months ended September 30, 2001**

**Operating revenue** increased by 60% to MSEK 18,163. There has been steady revenue growth in mobile telephony and fixed telephony operations. Increased marketing activity in the early Autumn following a slower period during the summer is now driving customer numbers and this will be feeding through to operating revenue over the Autumn period.

Operating revenue for Tele2 Sweden was MSEK 6,649, an annualized increase of 15% with an encouraging 21% increase in mobile telephony.

**EBITDA** (Operating profit (loss) before depreciation and amortization) was MSEK 1,069 (6). EBITDA doubled from MSEK 351 in the second quarter of 2001 compared to MSEK 716 in the third quarter of 2001. EBITDA margins improved to 11% in the third quarter versus 6% in the second quarter of 2001.

EBITDA for Tele2 Sweden was MSEK 2,729 (1,926), an annualized increase of 42%. EBITDA margins were 41% versus 33% in the prior year, showing continuing improvements on a quarterly basis for the past 6 quarters.

**EBIT** (Operating profit (loss) after depreciation and amortization) was MSEK -1,128 (-1,823). EBIT improved from MSEK -375 in the second quarter of 2001 to MSEK -46 in the third quarter of 2001.

EBIT for Tele2 Sweden was MSEK 2,153 (1,402), an increase of 54%.

**EBT** (Profit (loss) after financial items) was MSEK -1,597 (-1,965). Net interest expense and other financial items totaled MSEK -419 (-112). The average interest rate applied to debt outstanding was 6.1%.

**Profit (loss) after tax** was MSEK -2,184 (-2,377).

**Earnings (loss) per share (diluted)** was SEK -15.05 (-22.89), after dilution.

**Tele2's total assets** at September 30, 2001 increased by 9% to MSEK 46,259 compared to the MSEK 42,345 reported at December 31, 2000.

#### OPERATIONAL REVIEW BY MARKET AREA

	Number of customers		
	September 30,		%
	2001	2000 Pro forma (Note 4)	
<b>By Market Area</b>			
Nordic	6,076,000	4,961,000	22%
Baltics and Eastern Europe	574,000	80,000	617%
Central Europe	2,948,000	2,489,000	18%
Southern Europe	3,868,000	2,466,000	57%
Luxembourg	199,000	142,000	40%
<b>TOTAL</b>	<b>13,665,000</b>	<b>10,138,000</b>	<b>35%</b>
<b>By Business Area</b>			
Fixed telephony	9,109,000	6,779,000	34%
Mobile telephony	3,278,000	2,188,000	42%
<i>Whereof Prepaid</i>	<i>1,964,000</i>	<i>1,188,000</i>	<i>65%</i>
Dial up Internet	1,278,000	1,171,000	9%
<b>TOTAL</b>	<b>13,665,000</b>	<b>10,138,000</b>	<b>35%</b>

#### Nordic

**Operating revenue**, MSEK 9,065 (7,617), +19%

**EBITDA**, MSEK 2,692 (2,190), +23%

The Nordic market encompasses operations in Sweden, Norway, Denmark and Finland.

The Nordic market reported revenue growth across all of its core market areas.

Tele2 Sweden is the main component, representing operating revenues of MSEK 6,649, an increase of 15% over the nine months ended September 30, 2001. EBITDA increased by 42% to MSEK 2,729 over the same period. The growth in the number of mobile prepaid and contract subscribers continued during the third quarter, due primarily to Tele2's market position as the price-leading operator. Comviq reported 2.4 subscribers, an annualized increase of 24%. Monthly average revenue per subscriber (ARPU), including both postpaid and prepaid customers, remained stable at SEK 214 compared to SEK 222 over the same period last year and SEK 204 in the second quarter of 2001, despite the higher customer intake during the period. Minutes of usage (MOU) increased by more than 10% from 102 to 113 over the same period and remained stable compared to 114 in the second quarter 2001.

Prepaid mobile customers accounted for 61% of the total mobile subscriber base and 90% of net new mobile subscriber additions for Tele2 Sweden in the period.

Fixed telephony customer intake in Sweden was strong, increasing 30% on an annualised basis to 1.3 million, whilst EBITDA margin reached 22% in the third quarter of 2001 compared to 12% over the same period last year.

In September, Tele2 Sweden launched a cost saving initiative by simplifying Tele2's offering to customers and reducing its domestic workforce by some 7%. In 2002, these actions will save approximately 80 million SEK on an annual basis.

In October, Tele2 launched GPRS in Sweden and the offering was well received as access was at a substantial discount to competitors.

Denmark and Norway are predominantly fixed telephony operations and reported a total of 1.6 million subscribers. There was growth in all areas of the business in the two countries. In September Tele2 Norge acquired Enitel's private and corporate fixed telephony and dial-up Internet subscribers at a low cost per subscriber.

### **Baltics and Eastern Europe**

**Operating revenue**, MSEK 781 (123), +535%

**EBITDA**, MSEK 196 (-6)

The Baltic and Eastern Europe market encompasses operations in the Baltics, Poland and the Czech Republic.

Baltic and Eastern Europe operating revenues increased to MSEK 781 (123) and EBITDA increased to MSEK 196 (-6).

### **Central Europe**

**Operating revenue**, MSEK 4,039 (2,090), +93%

**EBITDA**, MSEK -554 (-1,140)

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

Pro forma operating revenues increased to MSEK 4,039 (+93%) for Central Europe. EBITDA for the area improved significantly over the last four quarters. This reflects the maturity of certain of the operations and their progress towards EBITDA breakeven within the three years from operational launch. Strong Q3 ARPU's for Central Europe of SEK 150 (104) on a monthly basis were achieved.

On 24 August Tele2 launched the first Mobile Virtual Network Operator (MVNO) in The Netherlands. Tele2 signed an agreement with Telfort, a GSM operator owned by British Telecom. The agreement allows Tele2 to offer mobile services to its fixed line customers.

### **Southern Europe**

**Operating revenue**, MSEK 4,025 (1,692), +138%

**EBITDA**, MSEK -1,002 (-945)

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

Pro forma operating revenues increased to MSEK 4,025 (+138%) for Southern Europe. The region had a strong first nine months in terms of EBITDA margin growth reflecting particularly the improving profitability of Tele2's operations in France. Tele2 entered the French market in March 1999, and has grown to become the largest private operator in the residential sector with a subscriber base of approximately 2.4 million. Strong Q3 ARPU's for Southern Europe of SEK 125 (95) on a monthly basis were achieved.

Tele2 is now one of Italy's second leading private fixed line operators.

In the second quarter, Tele2 launched fixed telephony services in Spain and by September 30, 2001 had 169,000 subscribers. Tele2 aims to be the second leading alternative operator by year-end 2001. The network in Spain is IP based using CISCO switches. The company's offering is entirely pre-paid in Spain.

## **Luxembourg**

**Operating revenue**, MSEK 557 (412), +35%

**EBITDA**, MSEK 42 (-19)

The Luxembourg market includes Tele2 operations in Liechtenstein, Luxembourg and Belgium and 3C companies in all countries of operation.

Luxembourg operating revenues increased by 35% to MSEK 557 on a pro forma basis. EBITDA increased to MSEK 42 (-19). Market performance was strong this quarter with a significant improvement of EBITDA margin to 16% and a 6% growth in sales quarter on quarter.

Tele2 offers mobile telephony services in Liechtenstein under the Tango brand and launched fixed telephony services under the Tele2 brand in the second half of 2000. In March, Tele2 was awarded a UMTS license in Liechtenstein.

In Luxembourg, Tango has a 43 % market share. In March, Tango launched GPRS in Luxembourg.

## **Branded Products and Services**

**Operating revenue**, MSEK 1,069 (591), +81%

**EBITDA**, MSEK -305 (-74)

Branded Products and Services includes Optimal Telecom, C<sup>3</sup>, Everyday.com and IntelliNet in all countries of operation.

Pro forma operating revenues increased to MSEK 1,069 (+81%) for Branded products and services. The main revenue generators within this area are Optimal Telecom and C<sup>3</sup>. The market area recorded a third successive quarter of EBITDA improvement.

## **GROUP REVIEW**

### **Refinancing**

Tele2 finalised a €1.2 billion refinancing through ABN Amro, CIBC World Markets plc, ING Bank, Nordea, The Royal Bank of Scotland and West LB. This 5 year, amortizing senior debt facility has replaced the two previous debt facilities, which existed within Tele2 Sweden and the former SEC. This facility ensures that all Tele2 group operations are fully funded with regard to the group's business plan. The applicable margin, which is based on the Debt to EBITDA ratio, starts at 2.25% and will be progressively reduced as EBITDA improves.

### **Cash flows**

Cash flows from operations increased to 585 as compared to cash flow of 202 in the previous quarter.

During the summer months, Tele2 upgraded its billing systems. This upgrade resulted in delays in sending out invoices in few countries and therefore working capital increased over the period. We expect that the level of working capital will normalize in the next quarter.

## **Investments and Divestments**

### **Transcom Worldwide SA**

In January, Tele2 divested its 37.45% holding (acquired through the merger with SEC) in the call center company Transcom Worldwide SA ("Transcom") to Industriförvaltnings AB Kinnevik ("Kinnevik"). At its AGM, the Board of Kinnevik proposed a dividend of Transcom shares to its shareholders and also a public listing of Transcom. On 6 September the shares in Transcom were listed on NASDAQ and Stockholmborsen's O-list. The proceeds due to Tele2 on the sale of its interest in Transcom will be determined by the market price of Transcom's publicly listed equity 60 trading days after the market quotation day. It is therefore anticipated that a capital gain on disposal will be recorded in the income statement in the fourth quarter of 2001.

### **Parent Company**

At the Parent company level, Tele2 reported operating revenue of MSEK 9 (6) and operating profit of MSEK -32 (196). Liquidity at September 30, 2001 and December 31, 2000 was MSEK 2 and MSEK 7 respectively.

## **COMPANY DISCLOSURE**

### **Fourth Quarter of 2001 Results**

The proposed date for the release of Tele2's financial and operating results for the period ended December 31, 2001 is February 2002 at a date yet to be disclosed.

**Stockholm, October 24, 2001**  
**President and CEO, Tele2 AB**

## **REPORT REVIEW**

The financial and operating results for the period ended September 30, 2001 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 13.7 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 14.00 (Swedish time) / 08.00 (New York time), on Wednesday, October 24, 2001. The dial in number is: +44 (0) 20 8781 0574 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 632792.

## **APPENDICES**

**Consolidated Income Statement**  
**Consolidated Balance Sheet**  
**Consolidated Cashflow Statement**  
**Change of Consolidated Shareholders' Equity**  
**Market Areas split by Business Areas, Pro forma**  
**Market Areas split by Business Areas, non-Pro forma**  
**Five-Year Summary**  
**Notes to the Accounts**

## CONSOLIDATED INCOME STATEMENT (MSEK)

		<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2000</b>
		<b>Jan 1– Sept 30</b>	<b>Jan 1– Sept 30</b>	<b>Q3</b>	<b>Q3</b>	<b>Full Year</b>
Operating revenue		18,163	7,521	6,324	2,654	12,470
Operating expenses		-19,425	-6,397	-6,431	-2,252	-12,383
Option to Management	Note 2	-	229	-	-7	229
Other revenues		162	146	57	42	212
Other expenses		-28	-52	4	-12	-87
<b>Operating Profit (loss)</b>		<b>-1,128</b>	<b>1,447</b>	<b>-46</b>	<b>425</b>	<b>441</b>
Share of profit (loss) of associated companies		-50	-30	-	-19	-44
Net interest and other financial expenses		-419	-154	-183	-52	-211
<b>Profit (loss) after financial items</b>		<b>-1,597</b>	<b>1,263</b>	<b>-229</b>	<b>354</b>	<b>186</b>
Taxes		-592	-417	-229	-127	-567
Minority interest		5	-1	2	-2	-
<b>Profit (loss) after taxes</b>		<b>-2,184</b>	<b>845</b>	<b>-456</b>	<b>225</b>	<b>-381</b>
<b>Earnings (loss) per share after tax (SEK)</b>		-15.08	8.14	-3.14	2.18	-3.34
<b>Earnings (loss) per share after tax, after dilution (SEK)</b>		-15.05	8.13	-3.14	2.17	-3.34
Number of shares, basic	Note 1	144,798,726	104,350,246			144,798,726
Number of shares, weighted average	Note 1	144,798,726	103,850,246			114,087,366
Number of shares, after dilution	Note 1	145,098,726	104,350,246			145,098,726
Number of shares after dilution, weighted average	Note 1	145,098,726	103,912,746			114,224,866



## CONSOLIDATED BALANCE SHEET (MSEK)

	2001 Sept 30	2000 Sept 30	2000 Dec 31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	28,856	1,927	27,352
Tangible assets	8,850	6,259	8,031
Long-term financial assets	684	3,756	445
	<b>38,390</b>	<b>11,942</b>	<b>35,828</b>
<b>Current assets</b>			
Materials and supplies	415	61	246
Current receivables	6,486	2,564	4,760
Cash and cash equivalents	968	370	1,511
	<b>7,869</b>	<b>2,995</b>	<b>6,517</b>
<b>Total assets</b>	<b>46,259</b>	<b>14,937</b>	<b>42,345</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Restricted equity	28,603	4,767	25,822
Non-restricted equity	-1,548	2,830	829
	<b>27,055</b>	<b>7,597</b>	<b>26,651</b>
<b>Minority interest</b>	<b>2</b>	<b>2</b>	<b>8</b>
<b>Provisions</b>			
Deferred tax liabilities	1,210	477	615
<b>Long-term liabilities</b>			
Interest-bearing liabilities	10,616	4,291	5,590
Non-interest-bearing liabilities	7	15	25
	<b>10,623</b>	<b>4,306</b>	<b>5,615</b>
<b>Short-term liabilities</b>			
Interest-bearing liabilities	125	184	3,228
Non-interest-bearing liabilities	7,244	2,371	6,228
	<b>7,369</b>	<b>2,555</b>	<b>9,456</b>
<b>Total equity and liabilities</b>	<b>46,259</b>	<b>14,937</b>	<b>42,345</b>

## CONSOLIDATED CASHFLOW STATEMENT (MSEK)

	2001 Jan 1 – Sept 30	2000 Jan 1 –Sept 30	2000 Full Year
Cash flow from operations	656	2,062	1,595
Changes in working capital	-859	-560	-712
Cash flows provided by operating activities	-203	1,502	883
Investing activities	-2,036	-957	-770
Financing activities	1,695	-600	1,121
<b>Net change in cash</b>	<b>-544</b>	<b>-55</b>	<b>1,234</b>
Cash at beginning of period	1,511	421	421
Exchange difference in cash	1	4	-144
<b>Cash at end of period</b>	<b>968</b>	<b>370</b>	<b>1,511</b>

## CHANGE OF CONSOLIDATED SHAREHOLDERS' EQUITY (MSEK)

	Sept 30, 2001			Sept 30, 2000		
	Restricted		Non- restricted	Restricted		Non- restricted
	Share capital	Other		Share capital	Other	
Equity, January 1	724	25,098	829	519	4,242	1,996
Premium for option	-	-	-	-	6	-
Translation differences and other transfers	-	2,781	-193	-	-	-11
Profit, year-to-date	-	-	-2,184	-	-	845
<b>Equity, end of period</b>	<b>724</b>	<b>27,879</b>	<b>-1,548</b>	<b>519</b>	<b>4,248</b>	<b>2,830</b>
Total restricted and retained losses		28,603	-1,548		4,767	2,830

## MARKET AREAS SPLIT BY BUSINESS AREAS, PRO FORMA (MSEK)

### OPERATING REVENUE

	2001	2001	2001	2000	Pro forma	Pro forma
	Q3	Q2	Q1	Q4	2000	2000
					Q3	Q2
					Note 4	Note 4
<u>Nordic:</u>						
Mobile telephony	1,656	1,459	1,327	1,344	1,316	1,122
Fixed telephony and Internet	1,363	1,438	1,478	1,439	1,265	1,275
Cable Television	43	29	47	55	43	64
Data processing	52	104	69	56	26	41
<b>Total Nordic</b>	<b>3,114</b>	<b>3,030</b>	<b>2,921</b>	<b>2,894</b>	<b>2,650</b>	<b>2,502</b>
<u>Baltic and Eastern Europe:</u>						
Mobile telephony	270	258	196	125	38	31
Fixed telephony and Internet	11	8	3	2	1	1
Data processing	11	13	11	11	8	8
<b>Total Baltic and Eastern Europe</b>	<b>292</b>	<b>279</b>	<b>210</b>	<b>138</b>	<b>47</b>	<b>40</b>
<u>Central Europe:</u>						
Mobile telephony	7	6	5	4	3	1
Fixed telephony and Internet	1,331	1,465	1,225	1,014	796	622
<b>Total Central Europe</b>	<b>1,338</b>	<b>1,471</b>	<b>1,230</b>	<b>1,018</b>	<b>799</b>	<b>623</b>
<u>Southern Europe:</u>						
Fixed telephony and Internet	1,406	1,415	1,204	882	632	553
<b>Total Southern Europe</b>	<b>1,406</b>	<b>1,415</b>	<b>1,204</b>	<b>882</b>	<b>632</b>	<b>553</b>
<u>Luxembourg:</u>						
Mobile telephony	113	109	100	74	92	83
Fixed telephony and Internet	60	55	50	50	47	46
Data processing	28	25	17	37	14	12
<b>Total Luxembourg</b>	<b>201</b>	<b>189</b>	<b>167</b>	<b>161</b>	<b>153</b>	<b>141</b>
<u>Branded products and services:</u>						
<b>Total Branded products and services</b>	<b>337</b>	<b>371</b>	<b>361</b>	<b>198</b>	<b>322</b>	<b>134</b>
Adjustments for sales internal	Note 4	-364	-535	-474	-342	-526
<b>Total operating revenue</b>		<b>6,324</b>	<b>6,220</b>	<b>5,619</b>	<b>4,949</b>	<b>3,716</b>

MARKET AREAS SPLIT BY BUSINESS AREAS, PRO FORMA (MSEK), continued

**EBITDA, OPERATING PROFIT (LOSS) BEFORE DEPRECIATION & AMORTIZATION**

	2001	2001	2001	2000	Pro forma	Pro forma
	Q3	Q2	Q1	Q4	2000	2000
					Q3	Q2
					Note 4	Note 4
<b><u>Nordic:</u></b>						
Mobile telephony	880	697	589	634	581	528
Fixed telephony and Internet	204	152	188	98	100	249
Cable Television	-14	-18	2	19	4	1
Data processing	1	6	5	23	-1	-30
<b>Total Nordic</b>	<b>1,071</b>	<b>837</b>	<b>784</b>	<b>774</b>	<b>684</b>	<b>748</b>
<b><u>Baltic and Eastern Europe:</u></b>						
Mobile telephony	82	79	63	-9	-8	-1
Fixed telephony and Internet	-4	-21	-7	-17	-3	-2
Data processing	1	-	3	3	2	2
<b>Total Baltic and Eastern Europe</b>	<b>79</b>	<b>58</b>	<b>59</b>	<b>-23</b>	<b>-9</b>	<b>-1</b>
<b><u>Central Europe:</u></b>						
Mobile telephony	1	-	1	1	-	-
Fixed telephony and Internet	-125	-137	-294	-501	-489	-406
<b>Total Central Europe</b>	<b>-124</b>	<b>-137</b>	<b>-293</b>	<b>-500</b>	<b>-489</b>	<b>-406</b>
<b><u>Southern Europe:</u></b>						
Fixed telephony and Internet	-295	-310	-397	-331	-459	-232
<b>Total Southern Europe</b>	<b>-295</b>	<b>-310</b>	<b>-397</b>	<b>-331</b>	<b>-459</b>	<b>-232</b>
<b><u>Luxembourg:</u></b>						
Mobile telephony	43	29	25	6	25	36
Fixed telephony and Internet	-5	-27	-4	-98	-33	-43
Data processing	-5	-3	-11	1	-3	-2
<b>Total Luxembourg</b>	<b>33</b>	<b>-1</b>	<b>10</b>	<b>-91</b>	<b>-11</b>	<b>-9</b>
<b><u>Branded products and services:</u></b>						
<b>Total Branded products and services</b>	<b>-48</b>	<b>-96</b>	<b>-161</b>	<b>-185</b>	<b>-36</b>	<b>-20</b>
<b>Total EBITDA</b>	<b>716</b>	<b>351</b>	<b>2</b>	<b>-356</b>	<b>-320</b>	<b>80</b>
<b><u>EBITDA margin</u></b>						
Nordic	34%	28%	27%	27%	26%	30%
Baltic and Eastern Europe	27%	21%	28%	-17%	-19%	-3%
Central Europe	-9%	-9%	-24%	-49%	-61%	-65%
Southern Europe	-21%	-22%	-33%	-38%	-73%	-42%
Luxembourg	16%	-1%	6%	-57%	-7%	-6%
Branded products and services	-14%	-26%	-45%	-93%	-11%	-15%
<b>Total EBITDA margin</b>	<b>11%</b>	<b>6%</b>	<b>0%</b>	<b>-7%</b>	<b>-8%</b>	<b>2%</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS, NON-PRO FORMA (MSEK)**

<b><u>OPERATING REVENUE</u></b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>
	<b>Jan 1 – Sept 30</b>	<b>Jan 1 – Sept 30</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
<b><u>Nordic:</u></b>								
Mobile telephony	4,442	3,486	1,656	1,459	1,327	1,344	1,316	1,122
Fixed telephony and Internet	4,279	3,855	1,363	1,438	1,478	1,439	1,265	1,275
Cable Television	119	135	43	29	47	55	43	64
Data processing	225	141	52	104	69	56	26	41
<b>Total Nordic</b>	<b>9,065</b>	<b>7,617</b>	<b>3,114</b>	<b>3,030</b>	<b>2,921</b>	<b>2,894</b>	<b>2,650</b>	<b>2,502</b>
<b><u>Baltic and Eastern Europe:</u></b>								
Mobile telephony	724	97	270	258	196	125	38	31
Fixed telephony and Internet	22	3	11	8	3	2	1	1
Data processing	35	23	11	13	11	11	8	8
<b>Total Baltic and Eastern Europe</b>	<b>781</b>	<b>123</b>	<b>292</b>	<b>279</b>	<b>210</b>	<b>138</b>	<b>47</b>	<b>40</b>
<b><u>Central Europe:</u></b>								
Mobile telephony	18	-	7	6	5	4	-	-
Fixed telephony and Internet	4,021	-	1,331	1,465	1,225	1,014	-	-
<b>Total Central Europe</b>	<b>4,039</b>	<b>-</b>	<b>1,338</b>	<b>1,471</b>	<b>1,230</b>	<b>1,018</b>	<b>-</b>	<b>-</b>
<b><u>Southern Europe:</u></b>								
Fixed telephony and Internet	4,025	-	1,406	1,415	1,204	882	-	-
<b>Total Southern Europe</b>	<b>4,025</b>	<b>-</b>	<b>1,406</b>	<b>1,415</b>	<b>1,204</b>	<b>882</b>	<b>-</b>	<b>-</b>
<b><u>Luxembourg:</u></b>								
Mobile telephony	322	-	113	109	100	74	-	-
Fixed telephony and Internet	165	-	60	55	50	50	-	-
Data processing	70	-	28	25	17	37	-	-
<b>Total Luxembourg</b>	<b>557</b>	<b>-</b>	<b>201</b>	<b>189</b>	<b>167</b>	<b>161</b>	<b>-</b>	<b>-</b>
<b><u>Branded products and services:</u></b>								
<b>Total Branded products and services</b>	<b>1,069</b>	<b>298</b>	<b>337</b>	<b>371</b>	<b>361</b>	<b>198</b>	<b>99</b>	<b>99</b>
Adjustments for sales internal	-1,373	-517	-364	-535	-474	-342	-142	-120
<b>Total operating revenue</b>	<b>18,163</b>	<b>7,521</b>	<b>6,324</b>	<b>6,220</b>	<b>5,619</b>	<b>4,949</b>	<b>2,654</b>	<b>2,521</b>

MARKET AREAS SPLIT BY BUSINESS AREAS, NON- PRO FORMA (MSEK), continued

**EBITDA, OPERATING PROFIT (LOSS) BEFORE DEPRECIATION & AMORTIZATION**

	2001	2000	2001	2001	2001	2000	2000	2000
	Jan 1 – Sept 30	Jan 1 – Sept 30	Q3	Q2	Q1	Q4	Q3	Q2
<b><u>Nordic:</u></b>								
Mobile telephony	2,166	1,624	880	697	589	634	581	528
Fixed telephony and Internet	544	569	204	152	188	98	100	249
Cable Television	-30	7	-14	-18	2	19	4	1
Data processing	12	-10	1	6	5	23	-1	-30
<b>Total Nordic</b>	<b>2,692</b>	<b>2,190</b>	<b>1,071</b>	<b>837</b>	<b>784</b>	<b>774</b>	<b>684</b>	<b>748</b>
<b><u>Baltic and Eastern Europe:</u></b>								
Mobile telephony	224	-5	82	79	63	-9	-8	-1
Fixed telephony and Internet	-32	-7	-4	-21	-7	-17	-3	-2
Data processing	4	6	1	0	3	3	2	2
<b>Total Baltic and Eastern Europe</b>	<b>196</b>	<b>-6</b>	<b>79</b>	<b>58</b>	<b>59</b>	<b>-23</b>	<b>-9</b>	<b>-1</b>
<b><u>Central Europe:</u></b>								
Mobile telephony	2	-	1	-	1	1	-	-
Fixed telephony and Internet	-556	-	-125	-137	-294	-501	-	-
<b>Total Central Europe</b>	<b>-554</b>	<b>-</b>	<b>-124</b>	<b>-137</b>	<b>-293</b>	<b>-500</b>	<b>-</b>	<b>-</b>
<b><u>Southern Europe:</u></b>								
Fixed telephony and Internet	-1,002	-	-295	-310	-397	-331	-	-
<b>Total Southern Europe</b>	<b>-1,002</b>	<b>-</b>	<b>-295</b>	<b>-310</b>	<b>-397</b>	<b>-331</b>	<b>-</b>	<b>-</b>
<b><u>Luxembourg:</u></b>								
Mobile telephony	97	-	43	29	25	6	-	-
Fixed telephony and Internet	-36	-	-5	-27	-4	-98	-	-
Data processing	-19	-	-5	-3	-11	1	-	-
<b>Total Luxembourg</b>	<b>42</b>	<b>-</b>	<b>33</b>	<b>-1</b>	<b>10</b>	<b>-91</b>	<b>-</b>	<b>-</b>
<b><u>Branded products and services:</u></b>								
<b>Total Branded products and services</b>	<b>-305</b>	<b>13</b>	<b>-48</b>	<b>-96</b>	<b>-161</b>	<b>-185</b>	<b>1</b>	<b>7</b>
<b>Total EBITDA</b>	<b>1,069</b>	<b>2,197</b>	<b>716</b>	<b>351</b>	<b>2</b>	<b>-356</b>	<b>676</b>	<b>754</b>

**EBITDA margin**

Nordic	30%	29%	34%	28%	27%	27%	26%	30%
Baltic and Eastern Europe	25%	-5%	27%	21%	28%	-17%	-19%	-3%
Central Europe	-14%	-	-9%	-9%	-24%	-49%	-	-
Southern Europe	-25%	-	-21%	-22%	-33%	-38%	-	-
Luxembourg	8%	-	16%	-1%	6%	-57%	-	-
Branded products and services	-29%	4%	-14%	-26%	-45%	-93%	1%	7%
<b>Total EBITDA margin</b>	<b>6%</b>	<b>29%</b>	<b>11%</b>	<b>6%</b>	<b>0%</b>	<b>-7%</b>	<b>25%</b>	<b>30%</b>

MARKET AREAS SPLIT BY BUSINESS AREAS, NON- PRO FORMA (MSEK), continued

**EBIT, OPERATING PROFIT (LOSS) AFTER DEPRECIATION & AMORTIZATION**

	2001	2000	2001	2001	2001	2000	2000	2000
	Jan 1 – Sept 30	Jan 1 – Sept 30	Q3	Q2	Q1	Q4	Q3	Q2
<u>Nordic:</u>								
Mobile telephony	1,903	1,418	790	613	500	553	507	465
Fixed telephony and Internet	184	218	80	30	74	-52	-15	127
Cable Television	-84	-39	-32	-37	-15	2	-10	-16
Data processing	10	-24	-	6	4	23	-3	-34
<b>Total Nordic</b>	<b>2,013</b>	<b>1,573</b>	<b>838</b>	<b>612</b>	<b>563</b>	<b>526</b>	<b>479</b>	<b>542</b>
<u>Baltic and Eastern Europe:</u>								
Mobile telephony	114	-31	41	44	29	-30	-18	-10
Fixed telephony and Internet	-45	-12	-12	-25	-8	-18	-4	-6
Data processing	-6	-	-2	-2	-2	3	1	-
<b>Total Baltic and Eastern Europe</b>	<b>63</b>	<b>-43</b>	<b>27</b>	<b>17</b>	<b>19</b>	<b>-45</b>	<b>-21</b>	<b>-16</b>
<u>Central Europe:</u>								
Mobile telephony	2	-	1	-	1	-	-	-
Fixed telephony and Internet	-634	-	-152	-162	-320	-511	-	-
<b>Total Central Europe</b>	<b>-632</b>	<b>-</b>	<b>-151</b>	<b>-162</b>	<b>-319</b>	<b>-511</b>	<b>-</b>	<b>-</b>
<u>Southern Europe:</u>								
Fixed telephony and Internet	-1,068	-	-319	-336	-413	-336	-	-
<b>Total Southern Europe</b>	<b>-1,068</b>	<b>-</b>	<b>-319</b>	<b>-336</b>	<b>-413</b>	<b>-336</b>	<b>-</b>	<b>-</b>
<u>Luxembourg:</u>								
Mobile telephony	49	-	24	14	11	-8	-	-
Fixed telephony and Internet	-66	-	-15	-37	-14	-103	-	-
Data processing	-22	-	-6	-4	-12	1	-	-
<b>Total Luxembourg</b>	<b>-39</b>	<b>-</b>	<b>3</b>	<b>-27</b>	<b>-15</b>	<b>-110</b>	<b>-</b>	<b>-</b>
<u>Branded products and services:</u>								
<b>Total Branded products and services:</b>	<b>-331</b>	<b>3</b>	<b>-59</b>	<b>-103</b>	<b>-169</b>	<b>-193</b>	<b>-4</b>	<b>5</b>
Group adjustments, depreciation	-1,134	-86	-385	-376	-373	-337	-29	-28
<b>Total EBIT</b>	<b>-1,128</b>	<b>1,447</b>	<b>-46</b>	<b>-375</b>	<b>-707</b>	<b>-1,006</b>	<b>425</b>	<b>503</b>

**MARKET AREAS SPLIT BY BUSINESS AREAS, NON-PRO FORMA (MSEK), continued**

**INVESTMENTS**

	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>
	<b>Jan 1 – Sept 30</b>	<b>Jan 1 – Sept 30</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
<b><u>Market areas:</u></b>								
Nordic	829	784	248	252	329	482	285	240
Baltic and Eastern Europe	200	85	130	3	67	89	54	16
Central Europe	143	6	93	28	22	13	4	2
Southern Europe	349	-	73	180	96	11	-	-
Luxembourg	30	-	14	8	8	8	-	-
Branded products and services	44	20	30	-1	15	20	11	7
	<b>1,595</b>	<b>895</b>	<b>588</b>	<b>470</b>	<b>537</b>	<b>623</b>	<b>354</b>	<b>265</b>
Change of long-term receivables	87	63	25	11	51	32	22	29
Purchase of companies (net) <small>Note 3</small>	354	-1	270	84	-	-842	-1	-
<b>Total investments</b>	<b>2,036</b>	<b>957</b>	<b>883</b>	<b>565</b>	<b>588</b>	<b>-187</b>	<b>375</b>	<b>294</b>

**Business areas:**

Mobile telephony	623	414	269	142	212	359	170	117
Fixed telephony and Internet	872	424	292	300	280	234	167	133
Cable Television	77	27	19	20	38	13	13	8
Data processing	23	30	8	8	7	17	4	7
	<b>1,595</b>	<b>895</b>	<b>588</b>	<b>470</b>	<b>537</b>	<b>623</b>	<b>354</b>	<b>265</b>
Change of long-term receivables	87	63	25	11	51	32	22	29
Purchase of companies (net)	354	-1	270	84	-	-842	-1	-
<b>Total investments</b>	<b>2,036</b>	<b>957</b>	<b>883</b>	<b>565</b>	<b>588</b>	<b>-187</b>	<b>375</b>	<b>294</b>

**TELE2 SVERIGE AB, SWEDEN**

	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>
	<b>Jan 1 – Sept 30</b>	<b>Jan 1 – Sept 30</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
<b><u>Operating revenue:</u></b>								
Mobile telephony	4,211	3,474	1,552	1,384	1,275	1,333	1,311	1,117
Fixed telephony and Internet	2,330	2,198	726	782	822	815	695	735
Cable Television	108	125	39	26	43	52	39	61
<b>Total Tele2 Sweden</b>	<b>6,649</b>	<b>5,797</b>	<b>2,317</b>	<b>2,192</b>	<b>2,140</b>	<b>2,200</b>	<b>2,045</b>	<b>1,913</b>

**EBITDA, Operating profit before depreciation and amortization:**

Mobile telephony	2,306	1,535	892	734	680	686	594	418
Fixed telephony and Internet	455	383	161	141	153	116	80	99
Cable Television	-32	8	-15	-19	2	21	5	-1
<b>Total Tele2 Sweden</b>	<b>2,729</b>	<b>1,926</b>	<b>1,038</b>	<b>856</b>	<b>835</b>	<b>823</b>	<b>679</b>	<b>516</b>

**EBITDA margin:**

Mobile telephony	55%	44%	57%	53%	53%	51%	45%	37%
Fixed telephony and Internet	20%	17%	22%	18%	19%	14%	12%	13%
Cable Television	-30%	6%	-38%	-73%	5%	40%	13%	-2%
<b>Total Tele2 Sweden</b>	<b>41%</b>	<b>33%</b>	<b>45%</b>	<b>39%</b>	<b>39%</b>	<b>37%</b>	<b>33%</b>	<b>27%</b>

**EBIT, Operating profit after depreciation and amortization:**

Mobile telephony	2,044	1,327	802	649	593	608	518	354
Fixed telephony and Internet	194	113	74	53	67	23	-11	6
Cable Television	-85	-38	-33	-37	-15	5	-10	-17
<b>Total Tele2 Sweden</b>	<b>2,153</b>	<b>1,402</b>	<b>843</b>	<b>665</b>	<b>645</b>	<b>636</b>	<b>497</b>	<b>343</b>



## FIVE YEAR SUMMARY

	2001	2000	2000	1999	1998	1997
	Jan 1 – Sept 30	Jan 1 – Sept 30				
<b><u>Income Statement and Balance Sheet (MSEK)</u></b>						
Operating revenue	18,163	7,521	12,470	8,175	5,957	4,030
Operating profit before depreciation	1,069	2,197	1,841	2,062	1,192	1,026
Operating profit after depreciation	-1,128	1,447	441	1,154	533	507
Profit (loss) after financial items	-1,597	1,263	186	4,186	246	78
Profit (loss) after taxes	-2,184	845	-381	3,769	73	130
Shareholders' equity	27,055	7,597	26,651	6,756	3,022	2,903
Shareholders' equity, after dilution	27,100	7,672	26,696	6,756	3,022	2,940
Total assets	46,259	14,937	42,345	14,401	9,958	8,435
Cash flow provided by operating activities	-203	1,502	883	1,753	971	441
Liquidity	1,956	1,253	1,304	1,123	821	1,499
Net borrowing	9,486	3,981	7,095	4,605	4,600	3,579
Net borrowing, after dilution	9,441	3,906	7,095	4,605	4,600	3,542
Investments including financial lease	2,054	962	774	1,475	1,941	1,147
<b><u>Key ratios</u></b>						
Solidity, %	59%	51%	63%	47%	30%	34%
Solidity, after dilution, %	59%	51%	63%	47%	30%	35%
Debt/equity ratio	0.35	0.52	0.27	0.68	1.52	1.23
Result before depreciation margin, %	5.9%	29.2%	14.8%	25.2%	20.0%	25.5%
Result after depreciation margin, %	-6.2%	19.2%	3.5%	14.1%	8.9%	12.6%
Return on shareholders' equity, %	-8.1%	11.8%	-2.3%	77.1%	2.5%	6.9%
Return on shareholders' equity, after dilution, %	-8.1%	11.7%	-2.3%	77.1%	2.5%	6.4%
Return on capital employed, %	-3.1%	12.1%	1.9%	44.8%	7.1%	6.8%
Average interest rate, %	6.1%	4.8%	4.8%	4.8%	6.6%	7.1%
Average interest rate, after dilution, %	6.1%	4.8%	4.8%	4.8%	6.6%	7.1%
<b><u>Value per share (SEK)</u></b>						
Profit (loss)	-15.08	8.14	-3.34	36.29	0.71	1.32
Profit (loss), after dilution	-15.05	8.13	-3.34	36.29	0.70	1.36
Shareholders' equity	186.84	73.16	233.60	65.06	29.17	29.60
Shareholders' equity, after dilution	186.87	73.84	233.72	65.06	29.10	28.42
Cash flow	-1.41	14.46	7.74	16.88	9.38	4.50
Cash flow, after dilution	-1.40	14.46	7.73	16.88	9.35	4.26
Dividend	-	-	-	-	-	-
Market value at closing day	264.00	494.00	392.00	598.00	330.00	170.50
P/E-ratio	-13.13	45.52	-117.33	16.48	467.07	128.82
P/E-ratio, after dilution	-13.15	45.55	-117.47	16.48	468.21	125.61

## NOTES TO THE ACCOUNTS

### **Accounting principals and definitions**

In 2001, Tele2 modified its accounting principles to conform to the following recommendation of the Swedish Financial Accounting Standards Council: RR18-Result per share and RR20-Interim Financial Statement. The new recommendations have no essential effect on the Financial Statements for Tele2. Tele2 follows recommendation RR1:00 - RR18 and RR20. In all other cases, 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 2000.

For definitions, please refer to the 2000 Annual Report and Accounts.

### **Note 1 Shares and Convertibles**

At the AGM in May 2000, the AGM permitted the board to settle the option obligation through new issue. In October 2000, three Convertible debt issues were made with option rights to subscribe to new shares of 100 000 Class B Tele2 shares during each of the years 2001, 2002 and 2003.

### **Note 2 Option to Management**

EBITDA in the second quarter of 2000 includes a fully reversed option cost of MSEK 229 following a decision by the Board to resolve the obligation through new issue, of which MSEK 28 is shown as fixed telephony in Tele2 Sverige AB, Sweden.

### **Note 3 Investments**

Tele2 AB Group has in addition to the shown investments with a cash-effect purchased shares in SEC through a new issue totaling MSEK 19,772, of which only cash in purchased companies is stated as investments in the cashflow statement amounting to MSEK -3 008.

### **Note 4 Pro forma, purchase of SEC**

Pro forma financial information gives effect to the acquisition by Tele2 AB of Société Européenne de Communication SA (SEC) in a transaction accounted for as a purchase made as at January 1, 1999. The pro forma is based on an issue of 40,748,480 Tele2 AB-shares. Goodwill arising from the purchase has an effect on the income statement of MSEK 1,158 on an annual basis, as a result of a 20-year depreciation period. No material difference occurs between the companies accounting principles. Both Tele2 AB and SEC have during 1999 and 2000 recorded the disposal of shares in the Norwegian company Netcom ASA in the accounts. The pro forma is calculated as if the new group sold the whole investment in Netcom ASA by the 1st of January 1999. The received payment has been discounted applying an annualized interest rate of approximately 4.8%, with an effect on the financial items in the Income statement for each pro forma-period.

Pro forma figures for SEC are from January 1, 1999 to September 30, 2000.