Q4 2005
Financial Report
Lars-Johan Jarnheimer
President and CEO
Q4 Overview

<table>
<thead>
<tr>
<th></th>
<th>Q4 2005</th>
<th>Difference to Q4 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (MSEK)</td>
<td>13,940</td>
<td>+3,010*</td>
</tr>
<tr>
<td>EBITDA (MSEK)</td>
<td>1,465*</td>
<td>-7*</td>
</tr>
<tr>
<td>Customer Net Additions (thousands)*</td>
<td>1,156</td>
<td>-228</td>
</tr>
</tbody>
</table>

*Excluding non recurring items

- Key points
  - Very strong subscriber growth in Russia & Baltic market area
  - Central continues its good performance
  - Increase transparency and disclosure (broadband & Russia)
  - Board proposes year dividend of SEK 1.75, up 5%
  - Broadband push in France delayed due to unforeseen technical complexity

- In 2006 focus is on:
  - Continuing successful integration of acquired companies
  - Increased marketing of broadband products across Europe and MVNO in France
  - Developing further MVNO’s and WLR offers in Europe
  - Continuing balance between Growth, Profitability and Cash Flow
Tele2 – Business outside Nordic growing rapidly

- Between 2002 and 2005 non-Nordic revenues grew from 57% to 70% of total group revenues
- This shift occurred while group revenues grew 60% between 2002 and 2005
Tele2 – Business outside Nordic growing rapidly

- The shift in contribution from non-Nordic EBITDA is even more pronounced.
- Between 2002 and 2005 non-Nordic EBITDA grew from 6% to 41% of group EBITDA.
- EBITDA grew 28% between 2002 and 2005.
Tele2 increasing its disclosure

- Broadband disclosed by market area for first time
  - Allowing both fixed and broadband development to be seen separately
- Customers with fixed telephony and dial-up Internet reported as one customer – 1,402,000 dial-up customers removed from subscriber base
- Russian disclosure increased
- Exact number of Swedish fixed and mobile customers disclosed
A steady quarter – Tele2 evolving

- **Mobile:**
  - Swedish mobile: 17% revenue growth and continued benefit from Knock-out
  - Russia & Baltic: record customer intake again
  - French MVNO has 40% share of MVNO market

- **Broadband:**
  - Customer intakes increasing and organic build out continuing
  - Broadband in Italy and Belgium going well
  - France delayed due to unforeseen technical issues

- Central and Germany in particular again produced strong results
- UK and Ireland operations sold
- Versatel 82.4% of capital tendered (inc. bonds), offer now unconditional
Russia – 14 Licences in 13 regions

- Russian mobile intake for the quarter was 762,000
- Tele2 now has close to 3.3 million mobile customers in Russia
- Tele2 is the fifth biggest and fastest growing mobile operator in Russia
- Q4 revenues in Russia grew by 126% YoY to MSEK 379
- EBITDA margin improved from –45% to –12%
Tele2’s broadband footprint has expanded rapidly to 13 countries

- We have 1,161,000 broadband customers
- We added 102,000 broadband customers in Q4
- Italy taking close to 20% of all net ADSL adds
- France: delay in broadband push due to unforeseen technical complexity
- Broadband push will continue throughout 2006
30.3 million customers in 23 countries

**MA NORDIC**
- Denmark, Norway & Sweden
- Total subscribers: 6,280,000

**MA BALTIC & RUSSIA**
- Estonia, Latvia, Lithuania, Russia & Croatia
- Total subscribers: 6,356,000

**MA SOUTHERN EUROPE**
- France, Italy, Spain, Portugal, Switzerland
- Total subscribers: 8,379,000

**MA UK & BENELUX**
- Belgium, The Netherlands, Luxemburg (incl. Tango), Liechtenstein, Transac & Calling Card Company (C²)
- Total subscribers: 2,750,000

**MA CENTRAL EUROPE**
- Austria, Czech Republic, Germany, Hungary & Poland
- Total subscribers: 6,485,000
Nordic

- Swedish mobile continued to develop strongly
- More than 520,000 customers have chosen fixed subscription offering in Sweden
- Strong mobile telephony intake in Norway and Denmark

<table>
<thead>
<tr>
<th>MA NORDIC Denmark, Norway &amp; Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSEK</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>Operating revenue</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>Net intake ('000)</td>
</tr>
</tbody>
</table>
Baltic & Russia

- Record intake of over one million customers
- Tele2 is the fastest growing mobile operator in Russia
- Customer development in Russia has exceeded expectations

<table>
<thead>
<tr>
<th>MA BALTIC &amp; RUSSIA</th>
<th>Estonia, Latvia, Lithuania, Russia &amp; Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>Q4 2005</td>
</tr>
<tr>
<td>MSEK</td>
<td>1,277</td>
</tr>
<tr>
<td>EBITDA</td>
<td>145</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>1,052</td>
</tr>
</tbody>
</table>
Central Europe

- Continued strong growth in Central Europe
- Germany was the main growth driver
- Poland: local calls market fully deregulated and EBITDA breakeven reached in December

<table>
<thead>
<tr>
<th>MA CENTRAL EUROPE</th>
<th>Austria, Czech Republic, Germany, Hungary &amp; Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MSEK</strong></td>
<td><strong>Q4 2005</strong></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>2,245</td>
</tr>
<tr>
<td>EBITDA</td>
<td>166</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>119</td>
</tr>
</tbody>
</table>
Southern Europe

- Tele2 has gained 40% of French MVNO market
- Broadband build out in Italy and Portugal is going well.
- France broadband push delayed due to unforeseen technical issues
- Signs of the MVNO market in Spain opening up

<table>
<thead>
<tr>
<th>MA SOUTHERN EUROPE</th>
<th>France, Italy, Spain, Portugal &amp; Switzerland</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSEK</td>
<td>Q4 2005</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>3,834</td>
</tr>
<tr>
<td>EBITDA</td>
<td>83</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>65</td>
</tr>
</tbody>
</table>
UK & Benelux

- 82.4% of Versatel capital acquired and integration process started
- Tele2 launched its first VoIP and broadband offer using Versatel’s Belgium network
- UK and Ireland fixed line operations sold

<table>
<thead>
<tr>
<th>MA UK &amp; BENELUX</th>
<th>Belgium, The Netherlands, Luxembourg, (incl. Tango), UK &amp; Ireland (divested in Q4), Liechtenstein and C³</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSEK</td>
<td>Q4 2005</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>2,531</td>
</tr>
<tr>
<td>EBITDA</td>
<td>271</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>-77*</td>
</tr>
</tbody>
</table>

* after acquisitions and disposals
Tele2 is well positioned to accelerate growth

- ADSL build out and marketing to accelerate
- Wholesale Line Rental scheduled to be made available in France in Q2
- MVNOs in Europe; Spain looking more likely
- Russia – Further mobile licenses
- Benefiting from integration of recently acquired businesses.

- We will continue to be proactive in seizing opportunities
Four things that really set us apart!

1. We act much faster than our competitors – but the client is always king.

2. The Salami Principle – first we sell, then we go for own infrastructure when it makes sense. Always in focus: Lowest costs and lowest prices in the market.

3. We copy with pride and steal with honour. Our presence in 24 countries secures superior methods and low costs.

4. Strong ideas and financial muscles for future growth. Both organically, and through strategic acquisitions.
## Financial overview for Q4 2005

**Continuing growth!**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2005</th>
<th>Difference to Q4 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (MSEK)</td>
<td>13,940</td>
<td>+3,010*</td>
</tr>
<tr>
<td>EBITDA (MSEK)</td>
<td>1,465*</td>
<td>-7*</td>
</tr>
<tr>
<td>CAPEX (MSEK)</td>
<td>1,441</td>
<td>+968</td>
</tr>
<tr>
<td>Operational cash flow</td>
<td>953</td>
<td>-203</td>
</tr>
<tr>
<td>Cash flow after CAPEX</td>
<td>-488</td>
<td>-1,171</td>
</tr>
<tr>
<td>Customer Net Additions (thousands)</td>
<td>1,156</td>
<td>-228</td>
</tr>
</tbody>
</table>

*Excl. non-recurring
Tele2 Group sales +28%

Adjusted for non-recurring
Fixed Telephony sales +17% & Broadband sales +173%

BROADBAND SALES AND NET INTAKE

FIXED TELEPHONY SALES AND NET INTAKE

BROADBAND EBITDA

FIXED TELEPHONY EBITDA

Adjusted for non-recurring
Mobile sales +35%

EBITDA impact from:
- Payment to 3G JV – 81 MSEK
- Mobile launch in:
  - Croatia – 110 MSEK
  - France – 190 MSEK

Adjusted for non-recurring

Mobile launch in France & Croatia
Customer intake

- Net customer intake of 1,156,000 vs. 1,384,000 in Q4 2004 (excl. acquisitions)
- Another quarterly record intake in Baltic & Russia with 1,052,000 new customers
Customer net intake – organic and acquired

Net Intake - organic

Net Intake - acquired

Mobile
Fixed Telephony
Broadband

Fixed Telephony
Broadband
### ARPU

<table>
<thead>
<tr>
<th></th>
<th>Q4 2005</th>
<th>Q3 2005</th>
<th>Q4 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>157 (150)</td>
<td>145 (138)</td>
<td>148 (141)</td>
</tr>
</tbody>
</table>

New principle, excluding dial-up customers (former principle, including dial-up customers)

- Dilution from high growth in low ARPU regions
- Offset by changed customer mix in mature regions

i.e. less dial-up and more Broadband and Wholesale line rental
Nordic sales +16%

Nordic Sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>2,600</td>
<td>3,800</td>
</tr>
<tr>
<td>Q4</td>
<td>3,200</td>
<td>4,000</td>
</tr>
<tr>
<td>Q1</td>
<td>3,200</td>
<td>3,800</td>
</tr>
<tr>
<td>Q2</td>
<td>3,800</td>
<td>4,000</td>
</tr>
<tr>
<td>Q3</td>
<td>3,800</td>
<td>4,000</td>
</tr>
<tr>
<td>Q4</td>
<td>3,800</td>
<td>4,000</td>
</tr>
</tbody>
</table>

MSEK

Nordic EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>800</td>
<td>1,200</td>
</tr>
<tr>
<td>Q4</td>
<td>800</td>
<td>1,200</td>
</tr>
<tr>
<td>Q1</td>
<td>600</td>
<td>800</td>
</tr>
<tr>
<td>Q2</td>
<td>800</td>
<td>1,000</td>
</tr>
<tr>
<td>Q3</td>
<td>1,000</td>
<td>1,200</td>
</tr>
<tr>
<td>Q4</td>
<td>800</td>
<td>1,000</td>
</tr>
</tbody>
</table>

MSEK

Adjusted for non-recurring
Sweden Fixed Telephony sales +12%
Sweden Broadband sales -3%
Sweden Mobile sales +17%

Sweden Mobile Sales

MSEK

Q3 | Q4 | Q1 | Q2 | Q3 | Q4
---|----|----|----|----|----
2004 | 1600 | 1500 | 1400 | 1300 | 1200
2005 | 1650 | 1550 | 1450 | 1350 | 1250

Sweden Mobile EBITDA

MSEK

Q3 | Q4 | Q1 | Q2 | Q3 | Q4
---|----|----|----|----|----
2004 | 800 | 700 | 600 | 500 | 400
2005 | 850 | 750 | 650 | 550 | 450

Adjusted for non-recurring

81 MSEK payment to 3G JV
Nordic excl. Sweden sales +18%

*N Adjusted for Tele2/Telenor MVNO accounting*
Baltic & Russia Mobile sales +47%
Russia sales +126%

- Net intake of 762,000 customers to a total of 3,274,000 customers
- ARPU of 44 SEK in Q4 2005 compared to 48 SEK in Q4 2004
Baltic & Croatia Mobile sales +27%

Baltic & Croatia Mobile Sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>600</td>
</tr>
<tr>
<td>Q2</td>
<td>800</td>
</tr>
<tr>
<td>Q3</td>
<td>900</td>
</tr>
<tr>
<td>Q4</td>
<td>1000</td>
</tr>
</tbody>
</table>

Baltic & Croatia Mobile EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>150</td>
</tr>
<tr>
<td>Q2</td>
<td>200</td>
</tr>
<tr>
<td>Q3</td>
<td>250</td>
</tr>
<tr>
<td>Q4</td>
<td>300</td>
</tr>
</tbody>
</table>

Mobile launch in Croatia – 110 MSEK
Central Europe Fixed Telephony sales +47%

Central Europe Fixed Telephony Sales

MSEK

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1200</td>
<td>1600</td>
<td>2000</td>
<td>2400</td>
<td>2800</td>
<td>3200</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Central Europe Fixed Telephony EBITDA

MSEK

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>80</td>
<td>120</td>
<td>160</td>
<td>200</td>
<td>240</td>
<td>280</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SALES

EBITDA
Central Europe Broadband

Central Europe Broadband Sales

MSEK
160
140
120
100
80
60
40
20
0
Q3 Q4 Q1 Q2 Q3 Q4
2004 2005

Central Europe Broadband EBITDA

MSEK
25
20
15
10
5
0
-5
-10
-15
-20
-25
-30
-35
-40
-45
-50
-55
Q3 Q4 Q1 Q2 Q3 Q4
2004 2005

SALES

EBITDA
Southern Europe Fixed Telephony sales +3%

**Southern Europe Fixed Telephony Sales**

- **MSEK**
  - Q3: 2,000
  - Q4: 2,800
  - Q1: 3,600
  - Q2: 3,600
  - Q3: 2,800
  - Q4: 3,600

**EBITDA**

- **MSEK**
  - Q3: 400
  - Q4: 500
  - Q1: 400
  - Q2: 400
  - Q3: 400
  - Q4: 400

Adjusted for non-recurring
Southern Europe Broadband sales +81%
UK & Benelux Mobile sales +43%
UK & Benelux Fixed Telephony sales +30%

UK & Benelux Fixed Telephony Sales

UK & Benelux Fixed Telephony EBITDA

Adjusted for non-recurring
- Available gross funding at year-end: approx. 20 BSEK
Financial comments on the coming quarters

- Planning for significantly higher organic growth during 2006 through continued investments in:
  - Broadband
  - Mobile telephony
- Growth rate is strongly correlated with:
  - Marketing investments
  - Infrastructure investments to meet customer demand
- Maintaining the level of marketing and CAPEX in Q4 2005, we expect to grow revenues in 2006, in excess of those of 2005 and to generate significantly higher earnings in 2007
Financial comments on the coming quarters

- Synergy targets from Comunitel and Versatel still valid:
  - Approx. 65 MEUR per year after a two year integration period
- In Q4 2005 integration costs amounted to approx. 40 MSEK and in 2006 the synergies are expected to exceed integration costs
- Payments to 3G JV in Sweden expected to amount to approx. 80-90 MSEK per quarter in 2006
- In Q1 2006 we:
  - Expect higher marketing investments in Southern Europe
  - Seasonally weaker intake in Baltic & Russia
  - Expect weaker intake in Central Europe
Don’t forget

VISIT WWW.TELE2.COM

- Conference call today at 15.30 CET
  WEBCAST AT WWW.TELE2.COM
- Q1 2006: April 27 2006

CONTACTS
Lars-Johan Jarnheimer, Telephone: + 46 (0)8 562 640 00
President and CEO, Tele2 AB
Håkan Zadler, Telephone: + 46 (0)8 562 640 00
CFO, Tele2 AB
Dwayne Taylor, Telephone: + 44 (0)20 7321 5038
Lena Krauss, Telephone: + 46 (0)8 562 000 45
Investor enquiries