Q2 2006
Financial Report
Lars-Johan Jarnheimer
President and CEO
Q2 2006 - Overview

- Revenue growth of 12%
- Outstanding performance in mobile – revenues up 29%
- 986,000 new mobile customers added in the quarter
- E.ON Bredband planned acquisition in Southern Sweden announced
- Broadband intake slower than anticipated due to backlog and slow provisioning by incumbents
- Fixed line churn was high – market clearly in structural decline
- Further disclosure and transparency on our broadband business
- Post Q2: deal with QSC to create “Plusnet” a broadband provider in Germany

<table>
<thead>
<tr>
<th></th>
<th>Q2 2006</th>
<th>Difference to Q2 2005</th>
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<tbody>
<tr>
<td>Revenues (MSEK)</td>
<td>13,482</td>
<td>+1,439 (+12%)</td>
</tr>
<tr>
<td>EBITDA (MSEK)</td>
<td>1,397</td>
<td>-292 (-17%)</td>
</tr>
<tr>
<td>Customer Net Additions (thousands)</td>
<td>416*</td>
<td>-306 (-42%)</td>
</tr>
</tbody>
</table>

*excluding impact of Czech Republic

Key points
- Revenue growth of 12%
- Outstanding performance in mobile – revenues up 29%
- 986,000 new mobile customers added in the quarter
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- Broadband intake slower than anticipated due to backlog and slow provisioning by incumbents
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- Further disclosure and transparency on our broadband business
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In the remainder of 2006 focus is on:
- Increased marketing of broadband and mobile products across Europe
- Accelerating broadband customer intake
Q2 2006 - Key developments

Guidance: maintained for EBITDA (FY2006 between 5,500 and 6,000 MSEK) and for CAPEX (FY2006 between 5,500 and 6,000 MSEK). However, revenue guidance is reduced from 16% growth to between 11% and 14% for FY2006.

Mobile:
- Strong performance with mobile revenues rising 29% year on year
- Russia: very strong all round results – post Q2 acquisition of four more operations in Northwest Russia
- French MVNO now has over 300,000 customers

Broadband:
- Planned acquisition of E.ON Bredband in Southern Sweden and post Q2 a deal with QSC in Germany was announced
- Customer intake impacted by delays due to backlog and slow processing of orders by incumbents

Fixed
- Fixed telephony churn was high, resulting in loss of 701,000 customers
Russia – Strong performance continues

- Russia Q2 revenues grew 156% to MSEK 568
- Q2 EBITDA margin was 13% compared to -18% one year ago
- The number of customers rose 136% to 4.6 million
- Post Q2 in early July: acquisition of four mobile operations in North-West Russia
- Tele2 consolidated its position as the fourth largest operator in Russia
Tele2’s broadband footprint is in 13 countries.

- We have 1,050,000 wholesale broadband customers and 630,000 direct access & LLUB customers (now split to provide greater transparency).
- We added 131,000 broadband customers in Q2.
- Slower intake than anticipated due to backlog as well as incumbent delays in processing orders and inaccurate forecasting.
- France: soft launch of triple play towards end of Q2.
- Planned acquisition in Sweden and deal in Germany.
- Broadband push will accelerate.
Tele2 has announced its intention to acquire 75.1% of E.ON Bredband, a leading broadband provider in Southern Sweden.

E.ON Bredband has a substantial network in Southern Sweden, capable of providing high speed broadband services and triple play services to more than 500,000 customers.

Substantially strengthens our position in broadband in Southern Sweden both in capability and in time to market.

Tele2 is paying MSEK 409 and assuming a net debt of approximately MSEK 90 for its 75.1% stake in E.ON Bredband.

Synergies expected to reach MSEK 25 one year after acquisition and integration costs will be around MSEK 35 over two years.

Acquisition will be completed on or around August 1, 2006.
Broadband – Joint venture in Germany with QSC

- In early July, Tele2 and QSC announced they had created a joint venture company “Plusnet” to provide broadband access in Germany.
- Plusnet is jointly controlled by both parties with ownership split 32.5% for Tele2 and 67.5% for QSC.
- Plusnet has over 1000 Central Offices (CO’s), currently covering over 30% of the German population, which it will upgrade to ADSL2+
- Tele2 will invest €50m in Plusnet to increase the number of CO’s to around 2000 by the end of 2007 covering roughly 50% of German households.
- Plusnet will provide both companies with a platform for high speed broadband ULL access at a low cost.
- With this JV Tele2: saves over €50m in investment costs; reduces OPEX by around €10m per annum from 2007; can launch a ULL offer 12-18 months than would otherwise have been possible.
- This is a great agreement for both Tele2 and QSC.
Nordic

- Swedish mobile operations produced a stable EBITDA margin of 44%
- Strong customer intake and revenue growth in mobile telephony in Norway and Denmark
- Successful quarter for Tele2’s corporate division in Sweden which won a large number of contracts

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

- Strong customer intake and profitability improvement in Russia with an EBITDA margin of 13%
- Baltic region reached 3 million subscribers during the quarter
- Continued good growth in Croatian operations

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<tr>
<th>MA BALTIC &amp; RUSSIA</th>
<th>Estonia, Latvia, Lithuania, Russia &amp; Croatia</th>
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</thead>
<tbody>
<tr>
<td><strong>MSEK</strong></td>
<td><strong>Q2 2006</strong></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>1,545</td>
</tr>
<tr>
<td>EBITDA</td>
<td>322</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>840</td>
</tr>
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</table>
Central Europe

- Maintained strong position as number one CPS operator in Germany
- Tele2 strengthens its broadband position in Germany with the joint venture with QSC in July
- Tele2 divested its operations in the Czech Republic

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<th>MA CENTRAL EUROPE</th>
<th>Austria, Germany, Hungary &amp; Poland</th>
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<tbody>
<tr>
<td><strong>MSEK</strong></td>
<td><strong>Q2 2006</strong></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>2,005</td>
</tr>
<tr>
<td>EBITDA</td>
<td>211</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>-123</td>
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Southern Europe

- More than 300,000 mobile customers in total in France
- Over 75% of planned broadband build out in Italy completed, with services well received
- Wholesale line rental introduced in Portugal

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<th>MA SOUTHERN EUROPE</th>
<th>France, Italy, Spain, Portugal &amp; Switzerland</th>
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<tr>
<td>MSEK</td>
<td>Q2 2006</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>3,694</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-150</td>
</tr>
<tr>
<td>Net intake ('000)</td>
<td>-159</td>
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# UK & Benelux

- Successful migration from CPS to dual and triple play products in Belgium and the Netherlands
- Increase in mobile revenues and customer intake in the Netherlands driven by migration from prepaid to postpaid

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<th>MA UK &amp; BENELUX</th>
<th>Belgium, The Netherlands, Luxembourg, Liechtenstein, Alpha Telecom and C³</th>
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<tr>
<td><strong>MSEK</strong></td>
<td><strong>Q2 2006</strong></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>2,218</td>
</tr>
<tr>
<td>EBITDA</td>
<td>107</td>
</tr>
<tr>
<td>Net intake (’000)</td>
<td>-124</td>
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Financial overview for Q2 2006

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<tr>
<td>CAPEX (MSEK)</td>
<td>1,374</td>
<td>513</td>
</tr>
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<td>Customer Net Additions (thousands)</td>
<td>416</td>
<td>-306</td>
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Definition of Segments

- Mobile telephony - Owned network, Service Provider and MVNO
- Fixed telephony resale – Traditional fixed voice telephony, WLR, Dial-up and related services
- Broadband resale - Resold ADSL
- Direct access - LLUB and direct access to residential and corporate customers, including dual- and triple play, Cable TV
- Other operations - Carrier and other operations
Division of Segments – comparison of Q1 2006 figures

1) Cable-TV: 55 MSEK
   - of which direct access: 390 MSEK
2) Other operations: 236 MSEK
3) Mobile telephony: 4 038 MSEK
   - of which carrier: 1 184 MSEK
4) Fixed telephony: 6 662 MSEK
5) Broadband: 1 300 MSEK
   - of which direct access: 657 MSEK
6) Mobile telephony: 4 038 MSEK
7) Fixed telephony resale: 7 088 MSEK
   - of which carrier: 1 184 MSEK
8) Broadband resale: 643 MSEK
9) Direct access: 1 098 MSEK
10) Other operations: 1 424 MSEK
Operating Revenue per Segment

Sales - Fixed telephony resale
-14% year-on-year

Sales - Broadband resale
+71% year-on-year

Sales - Direct access & LLUB
+176% year-on-year

Sales - Mobile
+29% year-on-year
Group Sales - Trend

Group sales per segment

(MSEK)

Q1  Q2  Q3  Q4  Q1  Q2

Mobile  Broadband  Fixed telephony resale  Other operations
Customer net intake

Net Intake

('000)

Q2
2005

Q2
2006

Mobile  Fixed telephony resale  Broadband resale  Direct access & LLUB
<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2 2005</th>
<th>Q2 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>132</td>
<td>119</td>
</tr>
<tr>
<td>Fixed telephony</td>
<td>138</td>
<td>133</td>
</tr>
<tr>
<td>Broadband resale</td>
<td>208</td>
<td>212</td>
</tr>
<tr>
<td>Direct access &amp; LLUB</td>
<td>470</td>
<td>648</td>
</tr>
</tbody>
</table>
### ARPU - Group

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<th>Q2 2005</th>
<th>Q1 2006</th>
<th>Q2 2006</th>
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<tbody>
<tr>
<td></td>
<td>141</td>
<td>139</td>
<td>140</td>
</tr>
</tbody>
</table>

- ARPU stable at 140 (141)
- Dilution from high growth in low ARPU regions, particularly Russia, offset by increased intake of broadband customers.
EBITDA margin stable at 10% (10%)
Sweden Fixed Telephony resale sales -6%

- Increasing element of bucket plans makes margins more volatile
- Increased sales cost within corporate segment
Group Broadband resale sales +71%

- Broadband foothold gained via resale. Aim is to migrate this customer base to LLUB.
Group Direct Access & LLUB sales +176%

DIRECT ACCESS & LLUB
Group Sales

DIRECT ACCESS & LLUB
Group EBITDA and Net intake

EBITDA
Net intake

(MSEK)

('000)
Mobile sales +29%

Adjusted for non-recurring

EBITDA impact from France & Croatia: -255 MSEK compared to Q2 2005.
Russia sales +156%

- Net intake of 715,000 customers to a total of 4,627,000 customers
- ARPU of 44 SEK in Q2 2006 compared to 42 SEK in Q2 2005
- EBITDA margin 13% (-18%)
Baltic & Croatia Mobile sales +32%

Baltic & Croatia
Sales - mobile

(MSEK)

Q1 | Q2 | Q3 | Q4 | Q1 | Q2
2005 | 2005 | 2006

EBITDA and Net intake - mobile

(MSEK)

Q1 | Q2 | Q3 | Q4 | Q1 | Q2
2005 | 2005 | 2006

Mobile launch in Croatia – 108 MSEK
Sweden Mobile sales +1% & EBITDA -1%

- EBITDA-margin stable at 44% (45%) due to continued low cost of sales
- Payment to Svenska UMTS-nät MSEK 51 (70)

Adjusted for non-recurring
Nordic excl. Sweden Mobile sales +46%

Adjusted for Tele2/Telenor MVNO accounting
Southern Europe Mobile sales

- 300,000 MVNO customers in France vs. 190,000 at end Q1 2006
UK & Benelux Mobile sales +14%
Other Operations sale +62%

- Carrier and “old” other operations
Financial comments on the coming quarters

- Tele2 plans to continue broadband and mobile telephony investments and this will be reflected in the customer intake:
  - Mobile and broadband customers continue to increase while fixed intake will continue to fall
- Previous estimates of FY2006 EBITDA in the range SEK 5.5 to 6.0 billion and Capex in the range SEK 5.5 to 6.0 billion remain
- FY 2006 revenue growth revised down from 16%, to between 11% and 14%, due to developments in the fixed line business
- Short and medium term earnings developments much more dependent on the impact of marketing activities in broadband and mobile, rather than developments in fixed telephony
- Remain confident that profits levels will be significantly higher in 2007, assuming a normalized growth rate
- Our estimate of annual synergies of approximately MEUR 65 generated from the acquisitions of Versatel and Comunitel, after a two year integration period, remains
Don’t forget

VISIT WWW.TELE2.COM

- Conference call today at 16.00 CET
  WEBCAST AT WWW.TELE2.COM
- Q3 2006: November 1 2006

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