Tele2 Q4 2007
12 February 2008
Lars-Johan Jarnheimer
President & CEO
2007 – an eventful year

REALIGNMENT PROCESS
Divestment of non-core
Investment in core operations

IMPROVED PROFITABILITY
Limit scale and scope to areas where we get superior return

INCREASED OPERATIONAL FOCUS
Mobile services on own infrastructure
Q4 2007 Summary

- Continued investments in mobile operations
- Completed divestments of Italy, Spain, Belgium and Hungary
- Announced divestment of Austrian MVNO operation
- Increased ownership in Tele2 Netherlands Holding (former Versatel) to 99 percent
Q4 2007 Summary

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q4-07</th>
<th>Q4-06</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operations less divested companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>10,447</td>
<td>9,731</td>
<td>+7.4</td>
</tr>
<tr>
<td>- Mobile</td>
<td>5,981</td>
<td>5,022</td>
<td>+19.1</td>
</tr>
<tr>
<td>- Broadband</td>
<td>1,590</td>
<td>1,343</td>
<td>+18.4</td>
</tr>
<tr>
<td>- Fixed telephony</td>
<td>2,472</td>
<td>2,971</td>
<td>-16.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,564</td>
<td>1,506</td>
<td>+3.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>247</td>
<td>708</td>
<td>-65.1</td>
</tr>
</tbody>
</table>

- Board of Directors proposes an **ordinary dividend of SEK 3.15 (1.85)** per share, a **special dividend of SEK 4.70** per share and the authorisation to **purchase up to 10%** of own shares.
Operational Shift

Sales

FY 2006 FY 2007

Mobile  Broadband  Fixed telephony

18 159  4 853  12 751
5 803  10 365

+24%  -19%  +20%

EBITDA

FY 2006 FY 2007

Mobile  Broadband  Fixed telephony

3 829  -374  2 037
5 260  -639  1 725

-1 000  0  1 000  3 000  5 000  7 000
Mobile Telephony Q4 2007

- Mobile revenue grew 19% y-o-y to MSEK 5,981 = 57% of Group revenue

- EBITDA grew 30% to MSEK 1,305 = 83% of Group EBITDA

- Net customer intake 714,000
  - 92,000 in Sweden
  - 554,000 in Russia
Mobile – Sweden

- Strong intake of post-paid and mobile broadband customers
  - 10% Revenue growth
  - 35% EBITDA margin

- Continued growth in mobile broadband
  - 48,000 new mobile broadband customers in Q4 - total customer base 93,000
  - Strong growth to continue in 2008 resulting in higher acquisition cost

![Mobile Broadband Customers Graph]

Q1 07 Q2 07 Q3 07 Q4 07

0 20 000 40 000 60 000 80 000 100 000

Mobile Broadband Customers
Mobile – Norway

- Slower customer intake (+1,000) due to migration process to Netcom network

- New MVNO agreement with Netcom effective as of Q2 2008 will significantly improve underlying profitability
  - 6% EBITDA margin in Q4 2007
  - Revenue growth 19%
Mobile – Russia

- Customer intake of 554,000 in line with business plan
  - Revenue growth 54%
  - EBITDA margin 31% (26%)

- 17 new regional GSM 1800 licenses awarded in Q4

- ARPU increased to SEK 58 in Q4 2007 vs SEK 55 in Q4 2006
Mobile – Baltic & Croatia

BALTIC COUNTRIES

- Strong customer intake in Lithuania (+43,000) and Estonia (+3,000), Latvia (-6,000) slowing down
- Double-digit revenue growth in Estonia and Lithuania
- EBITDA decline in Lithuania and Latvia mainly due to increased marketing in corporate segment
- Baltic economies cooling down

CROATIA

- Significantly improved roaming agreement in Croatia effective June 2008
- Awarded 900 MHz frequency meaning more efficient build out
- 56% revenue growth with improving EBITDA
Broadband Q4 2007

- Direct Access & LLUB sales growth 18%

- DA & LLUB net intake 77,000; resold broadband -8,000
  - Migration of resold customers onto DA & LLUB particularly in Norway, Sweden and Austria

- Solid growth in DA & LLUB in Austria with lower EBITDA due to increased marketing spend

- Success in Netherlands in Corporate segment
Broadband Q4 2007, cont

- Germany EBITDA decrease
  - Still tough competition
  - Direct Access & LLUB customer intake of 15,000
  - Fixed fee to Plusnet burden EBITDA in Q4 2007

- Broadband profitability improvement is key in 2008
Fixed Telephony Q4 2007

- EBITDA margin 18.5% (18.6%)
- Revenue decline continues, –17% y-o-y
- Customer net loss –204,000
- We will maximize value of declining fixed customer base through continued cost consciousness
Summary

- Core businesses – mobile services on own infrastructure complemented by broadband:
  - Good revenue growth
  - Strong customer intake
  - Solid profitability

In 2008...

- Develop core businesses to stay best in class
- Increased management focus on core areas
- Improved margins and cash flow, focus on ROCE
### Q4 2007 Key Figures less Divested Operations

(All figures in MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2007</th>
<th>Q4 2006</th>
<th>FY 2007</th>
<th>FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>10,447</td>
<td>9,731</td>
<td>40,313</td>
<td>37,113</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,564</td>
<td>1,506</td>
<td>6,636</td>
<td>5,782</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>15.0</td>
<td>15.5</td>
<td>16.5</td>
<td>15.6</td>
</tr>
<tr>
<td>EBIT</td>
<td>247</td>
<td>708</td>
<td>1,285</td>
<td>299</td>
</tr>
<tr>
<td>EBIT %</td>
<td>2.4</td>
<td>7.3</td>
<td>3.2</td>
<td>0.8</td>
</tr>
</tbody>
</table>
### Q4 2007 Continuing Operations

(All figures in MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2007</th>
<th>Q4 2006</th>
<th>FY 2007</th>
<th>FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>10,453</td>
<td>11,152</td>
<td>43,420</td>
<td>43,098</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,500</td>
<td>1,556</td>
<td>6,647</td>
<td>5,776</td>
</tr>
<tr>
<td><strong>EBITDA %</strong></td>
<td>14.3</td>
<td>14.0</td>
<td>15.3</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>One-off items</strong></td>
<td>-324</td>
<td>50</td>
<td>-324</td>
<td>93</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>-945</td>
<td>-872</td>
<td>-4,028</td>
<td>-3,413</td>
</tr>
<tr>
<td><strong>Write-down of goodwill</strong></td>
<td>-5</td>
<td>-</td>
<td>-1,315</td>
<td>-2,457</td>
</tr>
<tr>
<td><strong>Sale of operations</strong></td>
<td>-88</td>
<td>-17</td>
<td>739</td>
<td>30</td>
</tr>
<tr>
<td><strong>Associated comp.</strong></td>
<td>-60</td>
<td>-42</td>
<td>-234</td>
<td>-135</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>78</td>
<td>675</td>
<td>1,485</td>
<td>-106</td>
</tr>
<tr>
<td><strong>EBIT %</strong></td>
<td>0.7</td>
<td>6.1</td>
<td>3.4</td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Financial items</strong></td>
<td>-103</td>
<td>-160</td>
<td>-726</td>
<td>-562</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>-143</td>
<td>-265</td>
<td>-1,061</td>
<td>-335</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>-168</td>
<td>250</td>
<td>-302</td>
<td>-1,003</td>
</tr>
</tbody>
</table>
## Cash Flow*

(All figures in MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2007</th>
<th>Q4 2006</th>
<th>FY 2007</th>
<th>FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF from operations</td>
<td>1,339</td>
<td>1,048</td>
<td>4,488</td>
<td>4,979</td>
</tr>
<tr>
<td>Change in WC</td>
<td>-367</td>
<td>-452</td>
<td>-138</td>
<td>-1,132</td>
</tr>
<tr>
<td><strong>Cash Flow from operating activities</strong></td>
<td>972</td>
<td>596</td>
<td>4,350</td>
<td>3,847</td>
</tr>
<tr>
<td>CAPEX</td>
<td>-1,315</td>
<td>-1,422</td>
<td>-5,169</td>
<td>-5,520</td>
</tr>
<tr>
<td>Acquisition/sale of shares</td>
<td>6,351</td>
<td>-49</td>
<td>11,777</td>
<td>-1,315</td>
</tr>
<tr>
<td>Change in long-term receivables</td>
<td>161</td>
<td>-260</td>
<td>-6</td>
<td>-101</td>
</tr>
<tr>
<td><strong>Cash Flow after investing activities</strong></td>
<td>6,169</td>
<td>-1,135</td>
<td>10,952</td>
<td>-3,089</td>
</tr>
<tr>
<td>CAPEX Continuing operations</td>
<td>-1,220</td>
<td>- 1,210</td>
<td>- 4,269</td>
<td>-4,316</td>
</tr>
</tbody>
</table>

*Including discontinued operations
# Cash Flow Effect from Realignment Process

(All figures in MSEK)

<table>
<thead>
<tr>
<th>Acquisitions</th>
<th>FY 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Versatel, minority interest</td>
<td>-871</td>
</tr>
<tr>
<td>Telecom Eurasia, Russia</td>
<td>-105</td>
</tr>
<tr>
<td>Mobile Norway, JV</td>
<td>-203</td>
</tr>
<tr>
<td>Tele2 Syd, minority interest</td>
<td>-135</td>
</tr>
<tr>
<td>Other</td>
<td>-7</td>
</tr>
<tr>
<td><strong>Total Cash Flow effect</strong></td>
<td><strong>-1,321</strong></td>
</tr>
</tbody>
</table>
## Cash Flow Effect from Realignment Process

### Divestments

<table>
<thead>
<tr>
<th></th>
<th>FY 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy + Spain</td>
<td>6,739</td>
</tr>
<tr>
<td>Belgium</td>
<td>862</td>
</tr>
<tr>
<td>Portugal</td>
<td>125</td>
</tr>
<tr>
<td>Irkutsk, Russia</td>
<td>1,570</td>
</tr>
<tr>
<td>France</td>
<td>2,874</td>
</tr>
<tr>
<td>Denmark</td>
<td>743</td>
</tr>
<tr>
<td>Hungary</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>257</td>
</tr>
<tr>
<td><strong>Total Cash Flow effect</strong></td>
<td><strong>13,206</strong></td>
</tr>
</tbody>
</table>
Net Debt to EBITDA

Net Debt and Net Debt/EBITDA

Continuing operations

TELE2
Net Intake by Segment

('000)

Q3 06  Q4 06  Q1 07  Q2 07  Q3 07  Q4 07

Mobile telephony
Broadband (resale, direct & LLUB)
Fixed telephony
Net customer intake

Continuing operations
Revenue by Segment

(MSEK)

Q3 06 | Q4 06 | Q1 07 | Q2 07 | Q3 07 | Q4 07
---|---|---|---|---|---
Mobile telephony | Fixed telephony (resale) | Broadband (resale, direct &

Continuing operations
EBIT* by Segment

* Excl. non-recurring items
Continuing operations

(MSEK)

Q3 06 Q4 06 Q1 07 Q2 07 Q3 07 Q4 07

Mobile telephony  Fixed telephony (resale)  Broadband (resale, direct & LLUB)
Questions?
Visit www.tele2.com
Q1 08: 23 April 2008
AGM: 14 May 2008

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Appendix
Russia

- Revenue growth 54% year-on-year
- EBITDA margin 31%
- 8.6 million customers
Sweden Mobile

- Revenue growth 10% year-on-year
- EBITDA margin 35%