FIRST QUARTER 2009

22 April 2009
AGENDA

CEO review
Financial review
Operating review of Mobile
Concluding remarks

Harri Koponen
Lars Nilsson
Harri Koponen
Harri Koponen
HIGHLIGHTS Q1

• Robust first quarter with good sales growth and solid EBITDA
• Nordic
  – New partnership in Sweden to build a joint LTE network
  – Swedish mobile operations benefiting from SUNAB JV with stable EBIT contribution
  – EBITDA contribution from Swedish fixed telephony and broadband expanding in the quarter
  – Good EBITDA development in Norway
• Russia
  – Roll-out of new regions accelerated during the quarter
  – EBITDA margin in old regions of 36 percent
• Central Europe
  – Stable EBITDA contribution in the Baltic region
    • Lithuania delivered a record high margin of 37 percent
  – Good operational momentum in Croatia during Q1 2009, adding in total 62,000 new customers
• Western Europe
  – The Dutch operation increased its EBITDA by 88 percent in the first quarter
    • Driven by fixed broadband development
  – The restructuring of the Austrian business delivered first positive EBIT result
ECONOMIC IMPACT

• Macro economic conditions are still deteriorating

• The effects of the global recession can be observed in some parts of Tele2’s operations

• The company has acted
  – Contingency plans in place to prevent an impact of the economic slowdown
  – Measures include scrutinizing both operational and capital expenditures
  – Aim to keep cash generation intact

• The current economic environment gives rise to investment opportunities
FINANCIAL HIGHLIGHTS Q1 2009

• Robust financial performance in Q1 2009
  – Revenue of SEK 10,120 million, up 6 percent
  – EBITDA of SEK 2,227 million, up 34 percent
  – Cash flow after Capex SEK 682 (508) million

• Low financial gearing with net debt to EBITDA 0.7 times*)

• Progressive view on dividend
  – Proposed total dividend SEK 5

• New credit facility of SEK 12,000 million
  – A solid financial position that is a good foundation to build upon in 2009

*) Including obligations to JV
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# Q1 2009 GROUP RESULTS

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 09</th>
<th>Q1 08</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations, Net Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,227</td>
<td>1,660</td>
<td>34%</td>
</tr>
<tr>
<td>- EBITDA margin (%)</td>
<td>22,0%</td>
<td>17,4%</td>
<td></td>
</tr>
<tr>
<td>Depreciation and joint venture</td>
<td>-894</td>
<td>-930</td>
<td></td>
</tr>
<tr>
<td>- Depreciation of net sales (%)</td>
<td>8,7%</td>
<td>9,1%</td>
<td></td>
</tr>
<tr>
<td>One-off items</td>
<td>-4</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,329</td>
<td>813</td>
<td></td>
</tr>
<tr>
<td>Normalized EBIT</td>
<td>1,333</td>
<td>730</td>
<td></td>
</tr>
<tr>
<td>- Normalized EBIT margin (%)</td>
<td>13,2%</td>
<td>7,7%</td>
<td></td>
</tr>
<tr>
<td>Financial items</td>
<td>-592</td>
<td>-28</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>-273</td>
<td>-84</td>
<td></td>
</tr>
<tr>
<td>Net result, continuing operations</td>
<td>464</td>
<td>701</td>
<td></td>
</tr>
<tr>
<td>Net result, discontinued operations</td>
<td>184</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>648</td>
<td>750</td>
<td></td>
</tr>
</tbody>
</table>
# Financial Items

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 09</th>
<th>Q1 08</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest expenses</td>
<td>$-139$</td>
<td>$-88$</td>
<td>$-51$</td>
</tr>
<tr>
<td>Exchange rate differences, external</td>
<td>$-166$</td>
<td>$102$</td>
<td>$-268$</td>
</tr>
<tr>
<td>Other financial items</td>
<td>$-20$</td>
<td>$-8$</td>
<td>$-12$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$-325$</td>
<td>$6$</td>
<td>$-331$</td>
</tr>
<tr>
<td><strong>Exchange rate differences, intragroup</strong></td>
<td>$-267$</td>
<td>$-34$</td>
<td>$-233$</td>
</tr>
<tr>
<td><strong>Financial items</strong></td>
<td>$-592$</td>
<td>$-28$</td>
<td>$-564$</td>
</tr>
</tbody>
</table>

Stronger USD + 7%
## INTRAGROUP FX

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 09</th>
<th>Q1 08</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate differences, intragroup</td>
<td>-267</td>
<td>-34</td>
<td>-233</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-122</td>
<td>-295</td>
<td>173</td>
</tr>
</tbody>
</table>

\[
\text{Total intragroup FX affecting Q1 389 million SEK, partly reported in } \textbf{Income statement} \text{ and partly in } \textbf{Comprehensive income}
\]

\[
\text{Weaker RUB – 7 %}
\]
“OUR” CURRENCIES

<table>
<thead>
<tr>
<th>Currency</th>
<th>vs. Q1 2008</th>
<th>vs. 31 dec 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>+ 16 %</td>
<td></td>
</tr>
<tr>
<td>RUB</td>
<td>- 5 %</td>
<td>- 7 %</td>
</tr>
<tr>
<td>&quot;BALTICS&quot;</td>
<td>+ 16 %</td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>+ 34 %</td>
<td>+ 7 %</td>
</tr>
</tbody>
</table>

- USD private placement 220 MUSD
NET ASSETS IN FOREIGN CURRENCIES

Year-end 2008
Total 25.4 bSEK

- Other: 8%
- Baltics: 22%
- Russia: 48%

Q1 2009
Total 25.4 bSEK

- Other: 8%
- Baltics: 24%
- Russia: 47%

0% 20% 40% 60% 80% 100%

0% 20% 40% 60% 80% 100%
TAXES

• Reported tax for Q1 2009 amounted to SEK -273 million whereof -186 was related to the S.E.C tax dispute. Tax payment affecting cash-flow amounted to SEK 456 million.

• In 2009 Tele2 forecasts a corporate tax rate of approximately 20% excluding one-off items.

• The tax payment will affect 2009 cash flow by approximately 800 million.

• Tax dispute
  – In Q1 2009, Tele2 announced that the company was not allowed to deduct a capital loss of SEK 13.9 billion, which was associated with the liquidation of S.E.C. S.A. in 2001.
  – Tele2 will appeal the decision made by the County Administrative Court.
  – Tele2 is of the opinion that the dispute will be settled in Tele2’s favor and has only provisioned for a limited part.
## Cash Flow For Q1 2009

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 09</th>
<th>Q1 08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes paid</td>
<td>-456</td>
<td>-320</td>
</tr>
<tr>
<td>Cash flow from operations, other</td>
<td>1,892</td>
<td>1,745</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>395</td>
<td>82</td>
</tr>
<tr>
<td><strong>Cash Flow From Operating Activities</strong></td>
<td>1,831</td>
<td>1,507</td>
</tr>
<tr>
<td><strong>Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPEX</td>
<td>-1,149</td>
<td>-999</td>
</tr>
<tr>
<td>Cash Flow after CAPEX</td>
<td>682</td>
<td>508</td>
</tr>
<tr>
<td>Acquisition of shares and participations</td>
<td>-59</td>
<td>-398</td>
</tr>
<tr>
<td>Sale of shares and participations</td>
<td>-38</td>
<td>-68</td>
</tr>
<tr>
<td>Changes of long-term receivables</td>
<td>362</td>
<td>156</td>
</tr>
<tr>
<td><strong>Cash Flow After Investing Activities</strong></td>
<td>947</td>
<td>198</td>
</tr>
</tbody>
</table>
DIVIDEND PROPOSAL

• Tele2’s intention over the medium term is to pay a progressive ordinary dividend to its shareholders

• The board of Tele2 AB has decided to recommend an increase of the ordinary dividend by 11 percent to SEK 3.50 (3.15) per share

• The board has also decided to recommend a special dividend of SEK 1.50 (4.70) per share at the AGM
# BALANCE SHEET Q1 2009

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 09</th>
<th>Q1 08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td>34,446</td>
<td>32,866</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td>11,815</td>
<td>15,485</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td>46,261</td>
<td>48,351</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHAREHOLDERS' EQUITY</td>
<td>28,746</td>
<td>27,173</td>
</tr>
<tr>
<td>LONG-TERM LIABILITIES</td>
<td>5,633</td>
<td>5,731</td>
</tr>
<tr>
<td>SHORT-TERM LIABILITIES</td>
<td>11,882</td>
<td>15,447</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td>46,261</td>
<td>48,351</td>
</tr>
</tbody>
</table>
• Net debt amounted to SEK 4,433 (4,935) million in Q1 2009
  – 0.5 times FY 2008 EBITDA
  – 0.7 times FY 2008 EBITDA including guarantees to JV
• Tele2 has experienced a general slowdown in customer activity affecting overall intake
• Mobile customer base increasing by 239,000 new users
GROUP Q1 2009 MOBILE

- Total number of mobile customers 19.6 million Q1 2009
GROUP Q1 2009 NET SALES

- Mobile net sales SEK 6,175 million, up 9 percent
  - Favorable currency movement contributed by approximately SEK 500 million in quarter
- Fixed Broadband net sales SEK 1,807 million, up 24 percent
  - Main driver fixed broadband in Tele2 Netherlands
GROUP Q1 2009 EBITDA

- Group EBITDA margin 22 percent
  - Lithuania delivering new record EBITDA margin of 37 percent
  - Improved performance in the Dutch and Austrian fixed broadband operations
  - Launch costs in Russia together with increased marketing and 3G traffic expenses weighted on the mobile performance
Mobile EBITDA margin 23 percent
- Launch costs in Russia affecting the quarter. FY 2009 expecting opex of SEK 500-700 million related to the roll-out of the 17 new licenses
- Swedish mobile operations affected by higher marketing costs due better post-paid intake and a larger part of the total traffic being carried on the 3G network
- Stable performance in the Baltic region
• Fixed broadband EBITDA margin 13 percent
  – Excellent performance in Tele2 Netherlands driven by continued success in the B2B and consumer segment
  – The Austrian operations benefiting from the restructuring process
Fixed telephony EBITDA margin 27 percent
  - Focus on maintaining relative performance
GROUP Q1 2009 EBIT

- Group EBIT margin 13% percent excluding one-off item
- Improved operational performance in fixed broadband and fixed telephony lifting EBIT performance
  - Benefits with SUNAB giving stable EBIT contribution from Sweden mobile
GROUP Q1 2009 CAPEX

- Group Capex SEK 1,168 million or 12 percent of net sales
  - FY 2009 expectation in the range of SEK 4,700-4,900 million, affected by FX movement
- Expansion in Russia the main driver
  - FY 2009 expectation in the range of SEK 1,300-1,500 million related to roll-out of new licenses
FINANCIAL SUMMARY

• Overall solid operational performance
• EBIT positive in all markets except for Croatia
• All segments showing strong results
• Robust liquidity profile after refinancing and strong cash flow

However, the effects of the global recession can be observed in some parts of Tele2’s operations
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GENERAL MARKET TRENDS IN MOBILE

- Customer intake affected by current macro environment
  - More price sensitive and interested in SIM only offers

- No clear trend in MoU
  - Some markets showing slowdown in usage

- Pricing environment for basic voice fairly stable

- Good interest in mobile Internet services

- Operators having better pricing power
• Revenue growth of 3 percent
• Slowing customer activity in voice services
  – Lower pre-paid intake due to higher churn
  – Better post-paid intake and prolonged interest in SIM-only offers
• 15,000 new mobile Internet users
  – Total base 185,000
• MoU continue to grow, both voice and VAS
• New partnership regarding future LTE network deployment
• EBITDA 32 percent
  – More traffic carried over the 3G network/SUNAB JV
  – Higher intake of post-paid customers leading to increased marketing costs
• Total number of mobile customers 3.4 Q1 2009
• Tele2 staying the price leader despite tough market conditions
• Underlying customer intake 7,000 in Q1 2009
  – 11,000 customers cancelled due to inactivity
• ARPU positively impacted by a “cleaner” customer base
• EBITDA contribution despite lower termination rate from February
• Network Norway JV affecting EBIT by SEK -16 million
Revenue growth in local currency 20 percent
  - Overall result affected negatively by FX movements

More than 10.6 million customers
  - Net intake in the quarter lower than internal expectation

Stable ARPU development despite economic weakness

Roll-out of new GSM licenses accelerated in the quarter
  - Opex costs from new regions affecting total EBITDA in Q1 2009

Improved network quality and data usage through the introduction of EDGE technology
• Challenging economic environment
  – Lithuania more stable than Estonia/Latvia
  – Price competition in Latvia fierce
• Robust EBITDA development despite current economic climate
  – Lithuania 37 percent EBITDA margin
• Price leadership creating opportunities
  – Focus on higher ARPU segments and enterprise customers
The Croatian operations developing according to plan

- Good customer intake in the quarter
  - Improved marketing strategy leading to improved customer perception

- Opex affected by higher marketing spending and acquisition costs
REGULATION

Mobile regulation

• Europe has been the foundation for many mobile operators

• Predictable regulatory agenda important to prolong this trend

• Frequency re-farming is a sign of proactive thinking of the national regulators in Sweden
  – Hopefully a data point that will become a trend throughout Europe
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CONCLUDING REMARKS

• The quarter showed good revenue development together with solid EBITDA contribution

• The company has acted on economic slowdown

• Solid financial position a good foundation to build upon in 2009

• Top priorities in 2009
  – Tele2 will continue to focus on cost discipline in all parts of the organization
    • Tele2 should use its cost advantage to carefully move its position forward
  – Roll-out of new regions in Russia
  – Develop our mobile operations
    • Compose a product portfolio that goes in line with the needs of our customers
  – Tele2 will work harder in the corporate segment In both the Nordic and Western European regions
Q&A