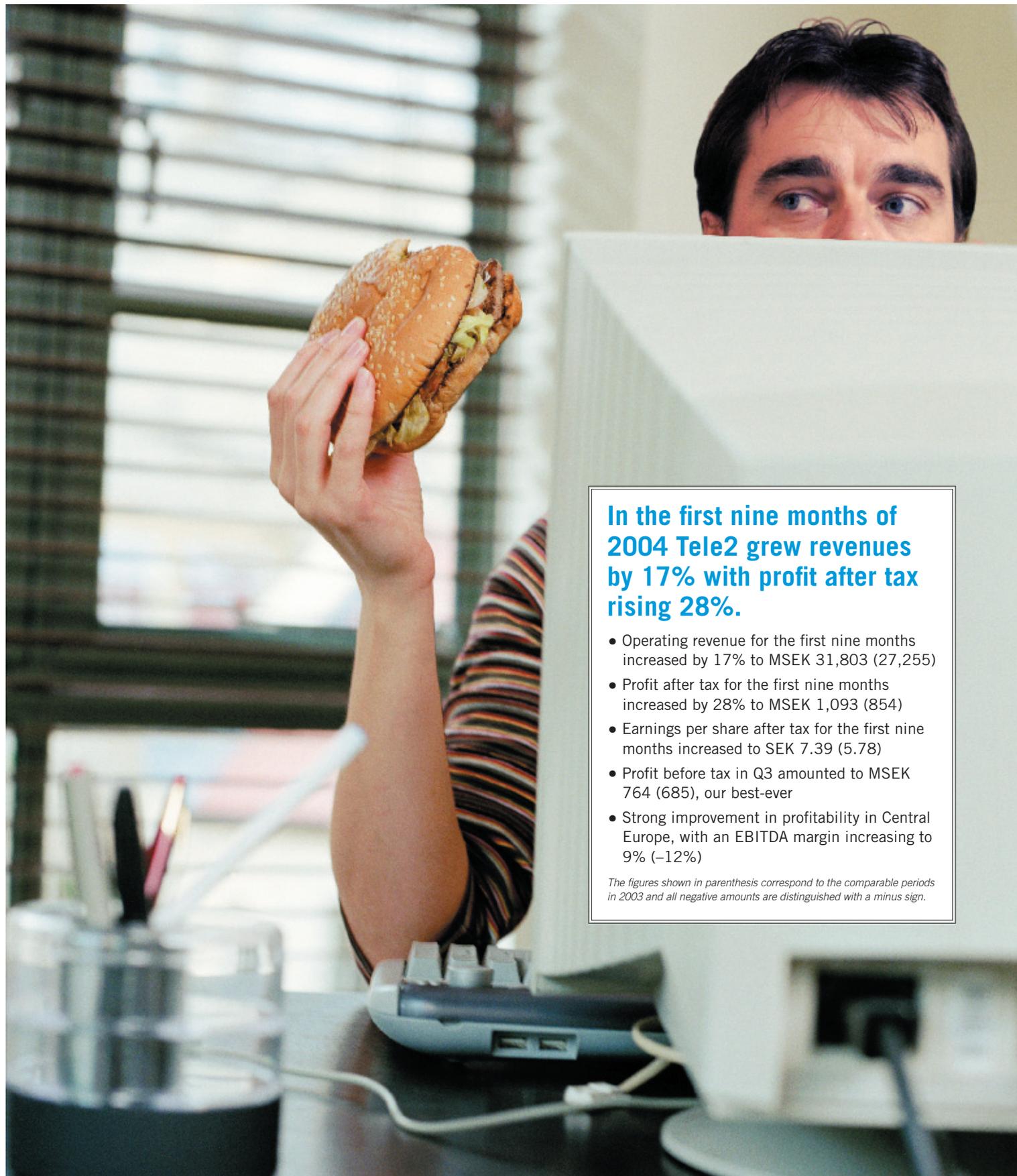


# Quarterly Report January–September 2004

New York and Stockholm – Wednesday, October 20, 2004 – Tele2 AB (“Tele2”, “the Group”) (Nasdaq Stock Market: TLTOA and TLTOB and Stockholmsbörsen: TEL2A and TEL2B), the leading and profitable alternative pan-European telecom operator, today announced its consolidated results for the third quarter ended September 30, 2004.



**In the first nine months of 2004 Tele2 grew revenues by 17% with profit after tax rising 28%.**

- Operating revenue for the first nine months increased by 17% to MSEK 31,803 (27,255)
- Profit after tax for the first nine months increased by 28% to MSEK 1,093 (854)
- Earnings per share after tax for the first nine months increased to SEK 7.39 (5.78)
- Profit before tax in Q3 amounted to MSEK 764 (685), our best-ever
- Strong improvement in profitability in Central Europe, with an EBITDA margin increasing to 9% (-12%)

*The figures shown in parenthesis correspond to the comparable periods in 2003 and all negative amounts are distinguished with a minus sign.*

# Group financial overview for the quarter ended September 30, 2004

## Financial highlights for the quarter ended September 30, 2004

MSEK	Q3, 2004	Q3, 2003
Operating revenue	10,713	9,414
Customer intake <sup>(i)</sup>	1,016	1,637
EBITDA <sup>(ii)</sup>	1,658	1,635
EBITA <sup>(iii)</sup>	1,193	1,218
EBIT <sup>(iv)</sup>	813	828
EBT <sup>(v)</sup>	764	685
Operating cash flow	1,586	1,706
Cash flow after investments	1,262	1,282

<sup>(i)</sup> Including a positive one-off adjustment of more than 100 thousand "open call-by-call" customers

<sup>(ii)</sup> Operating profit before depreciation, amortization and result from share in associated companies

<sup>(iii)</sup> Operating profit after depreciation, before amortization

<sup>(iv)</sup> Operating profit after depreciation and amortization

<sup>(v)</sup> Profit after financial items

### Operating revenue

Operating revenue amounted to MSEK 10,713 (MSEK 9,414), corresponding to a growth of 13.8% including, and 14.0% excluding currency effects.

Although the Nordic market area is a mature market, we increased our growth to 4% from 3% in Q2 2004. The organic growth outside the Nordic market area is still very high, at around 20%.

Growth in the market area Baltic & Russia has had a negative currency effect of around 2.5 %-units. In other market areas, the effect is less than 0.5 %-units in each market area.

### Customer intake

Net customer intake was 1,016,000, compared to 1,637,000 in Q3 2003, and we now have a total of 25.9 million customers. Net customer intake in Central Europe includes more than 100,000 so called "open call-by-call" customers, as a one-off effect.

Of the decrease in customer intake, around 350,000 is accounted for by dial-up Internet, where **Southern Europe**, in particular, had the previous year extensively cross sold to its existing fixed telephony customers. This has not occurred in 2004, therefore the total customer base within dial-up Internet has not increased in Q3 2004.

Total gross customer intake was higher in Q3 2004 than in Q3 2003 or in Q2 2004. However, churn has increased, especially in fixed telephony in Southern Europe and the Netherlands. We have initiated counter measures, and we expect them to take effect in Q4 2004.

**Central Europe**, Germany and Poland in particular, continue to show strong growth. In Germany, Tele2 adds both preselect customers and so called "open call-by-call" customers, which are unique to Germany. See comments under Central Europe.

The market area **Baltic & Russia** has a record customer intake. Russia, which already last quarter represented half of the market area's customer growth, increases its share of the growth still further.

The market area **Nordic** showed customer growth in mobile telephony, a stable customer base in fixed telephony and a slight loss of customers in dial-up Internet.

### ARPU

Group ARPU was SEK 140 (SEK 160) in Q3 2004. The decline is mainly a dilution effect, as Tele2 experiences its highest growth in countries with lower ARPU. In addition, our push in dial-up Internet in Southern Europe in the second half of 2003, which has a significantly lower ARPU than fixed telephony, further contributed to the dilution.

### Results

**EBITDA** amounted to MSEK 1,658 (MSEK 1,635).

Central Europe notably improved its EBITDA, by MSEK 221 versus Q3 2003 with margins increasing from -12% a year ago to +9% in Q3

2004, the largest contributor being Germany. When we reached EBITDA-breakeven in Germany at the end of 2003, it was with a two-year delay compared to all of our other countries. The reason for this was that Germany was the last country to introduce preselect on local calling. Therefore, it is encouraging to see that the margin improvement now is greater than the 5 %-units per year we normally estimate after a country has reached breakeven.

Nevertheless, Tele2's growth strategy results in a continual pattern of start-up costs in new countries. Since last year, we have for example launched new services in Hungary, Portugal, Ireland and Belgium. Despite this normal pattern, however, when comparing this quarter's results to last year's, one should take into account our UK launch and our ADSL launch in Southern Europe, both of which differ from our usual launches. UK and ADSL in Southern Europe combined effect EBITDA comparability by some MSEK -175, and adjusted for this we improved our margin.

In the Nordic market area, margins continue to be stable, and despite a continued competitive environment in both fixed and mobile telephony, Sweden shows a margin improvement from the previous quarter.

As explained in the comments on customer intake, the two main reasons for the lower net customer intake are lower intake in dial-up Internet, where the acquisition cost of a cross-sold customer is significantly lower than that of a telephony customer; as well as a higher churn. On the other hand, gross customer intake is higher than in both Q2 2004 and in Q3 2003. Sales and marketing costs as percentage of revenue are stable compared to both Q2 2004 and Q3 2003. However, they increased in absolute numbers versus last year.

**Profit before taxes** amounted to MSEK 764 (MSEK 685), the best-ever in Tele2's history.

### Cash flow and CAPEX

Cash flow in terms of EBITDA less CAPEX was MSEK 1,334 (MSEK 1,211).

CAPEX amounted to MSEK 324 (MSEK 424), or 3.0% (4.5%) of operating revenue.

### Significant events in the quarter

- In August, Tele2 announced that it would launch fixed telephony market in Ireland as of September 1. Marketing and other functions are coordinated with our operations in the UK.
- In September, Tele2 announced a decision to make an official cash offer for the outstanding shares and convertible debentures of Song Networks Holding AB. The acquisition enables Tele2 to gain profitable access to ADSL customers in the Nordic residential segment and improves our product offering within the Swedish corporate segment while significantly strengthening our product portfolio towards the corporate market in Denmark, Norway and Finland. Tele2 offers SEK 85 in cash per Song Networks share, hence valuing Song Networks at SEK 4.95 billion.



“Our focus, which has proven to be highly successful, continues to be on low customer acquisition cost, churn management and operational cost control.”

#### Lars-Johan Jarnheimer, President and CEO of Tele2 AB commented

“We delivered our highest-ever profit before taxes in the quarter. In the first nine months we achieved revenue growth of 17%, while increasing our profit after tax by 28% and producing a cash flow after CAPEX of SEK 3.6 billion. This is a strong financial performance.

In Southern Europe and the Netherlands we saw an increase in churn during the quarter, a disappointment to us. In our other markets, our overall churn levels were stable, and Central Europe in particular was pleasing for us on the upside, in terms of both customer intake and earnings. The main factor in the increased churn in Southern Europe and the Netherlands has been the high level of marketing activity and aggressive win-back campaigns from the incumbents, which continued throughout the summer months. In these particular markets, we have already taken steps to counter this increased churn and the initial signs for the fourth quarter are encouraging. In the first two weeks of October we have already seen a net increase in Southern Europe, signifying that our efforts have the desired impact. In addition, the gradual introduction of wholesale line rental in Europe will have a positive impact on our churn levels.

In the Nordic market area, during the third quarter, we have seen a stabilization in Swedish mobile margins, despite a continued competitive environment. We now have started marketing wholesale line rental in Sweden and our first customers will be transferred by the end of November, which based on our experiences in Denmark and Norway will significantly reduce churn.

In the Baltic & Russia market area we achieved a strong customer intake, particularly in Russia. The Central Europe market area continued its positive progression with another large quarterly customer intake and with both revenues and EBITDA developing well.

During the quarter we announced our intention to acquire Song Networks. This acquisition, as I said at the time, is entirely consistent with our strategy of firstly building a customer base and then, if it makes sense, we may integrate backwards to lower costs. The acquisition of UTA, announced last week, is again entirely aligned with this strategy.

Our focus, which has proven to be highly successful, continues to be on low customer acquisition cost, churn management and operational cost control.”

## Operational review by market area

NORDIC			
MSEK	Q3, 2004	Q3, 2003	Change
Operating revenue	3,559	3,427	+4%
EBITDA	1,000	1,158	-14%
EBIT	785	936	-16%

The market area Nordic encompasses operations in Sweden (including Optimal Telecom), Norway, Denmark and Finland and Datamatrix operations.

Operating revenue increased by 4% in the market area Nordic, despite price cuts in all markets to further strengthen our position as price leader. The market area saw customer growth in mobile telephony, a stable customer base in fixed telephony and a slight loss of customers in dial-up Internet.

In Sweden, margins improved slightly compared to Q2 2004, despite a challenging competitive environment, within both mobile and fixed telephony.

Any purchase of capacity from Svenska UMTS-nät AB has not had any impact on the results as yet, as the 3G company has not reached the minimum volume required to trigger depreciation. We do not expect any material effect on the results until Q1 2005. (Accounting principles are explained in Note 7)

Tele2 has now started marketing wholesale line rental in Sweden and the first customers will be transferred by the end of November. Based on Tele2's experiences in Denmark and Norway, churn will come down sharply once Tele2's customers can avoid paying the incumbent operator as well.

The mobile operations in Sweden reported 3.4 million customers at September 30, 2004, an increase of 3% since September 30, 2003. Monthly average revenue per mobile user (ARPU), including both postpaid and prepaid customers, was SEK 166 (178) in Q3 2004 and mobile minutes of usage (MOU) were 93 (87). Prepaid mobile customers accounted for 75% of the total mobile customer base.

Norway and Denmark continued to show good growth in Q3 2004. Growth in Norway was not only helped by resale of the fixed line subscription fee but also by strong mobile customer intake.

Tele2 strengthened its position in ADSL in both Denmark and Norway, and is now the third largest ADSL provider in both countries.

In September, Tele2 announced a decision to make an official cash offer for the outstanding shares and convertible debentures of Song Networks Holding AB. The acquisition enables Tele2 to gain profitable access to ADSL customers in the Nordic residential segment and improves our product offering within the Swedish corporate segment while significantly strengthening our product portfolio towards the corporate market in Denmark, Norway and Finland. Tele2 offers SEK 85 in cash per Song Networks share, hence valuing Song Networks at SEK 4.95 billion. Competition authorities in Finland have already approved of the acquisitions without any conditions attached.

**BALTIC & RUSSIA**

MSEK	Q3, 2004	Q3, 2003	Change
Operating revenue	884	752	+18%
EBITDA	239	229	+4%
EBIT	110	151	-27%

The market area **Baltic & Russia** encompasses operations in Estonia, Latvia, Lithuania and Russia.

Mobile ARPU for Baltic & Russia, including both postpaid and prepaid customers, was SEK 99 (140) in Q3 2004. Customer intake was at record high in the quarter, with a continued strong increase in operating revenue. Russia, which represented around half of the market area's Mobile telephony customer intake in Q2 2004, further increased its growth.

In Q3 2004, Tele2 acquired the outstanding 10% of the shares in the company that, through its 100% ownership in Tele2 Lithuania and its 52% ownership in Tele2 Estonia, conducts mobile telephony operations in the Baltic countries. After the acquisition, Tele2 owns 100% in Tele2 Estonia and Tele2 Lithuania.

Tele2 has obtained a fixed telephony license in Turkey. Tele2 will announce a launch date in due time, when negotiations about the interconnect levels are finalized.

**CENTRAL EUROPE**

MSEK	Q3, 2004	Q3, 2003	Change
Operating revenue	1,300	889	+46%
EBITDA	114	-107	
EBIT	63	-151	

The market area **Central Europe** encompasses operations in Germany, Austria, Poland, the Czech Republic and Hungary.

The market area's ARPU for Fixed telephony and Internet was SEK 98 (128) for Q3 2004.

Central Europe, Germany and Poland in particular, continue to show strong growth. In Germany, Tele2 adds both preselect customers and so called "open call-by-call" customers, which are unique in Germany. See comments below.

Tele2 followed up the launch of dial-up Internet in Germany in May, by launching the service in Poland in the beginning of July.

An "open call-by-call" customer is not registered with nor billed by Tele2. When Tele2 introduced the service in Q2 2003, we predicted that the calling pattern would differ significantly from other fixed line customers, although the extent to which, was unknown. To avoid misleading customer intake numbers, Tele2's accounting of "open call-by-call" customers has been overly prudent during the start-up phase of the service. Our experience now tells us that "open call-by-call" customers' minute usage is around a fifth of that of other German customer's. Hence, as of Q3 2004, Tele2 uses a method to report these customers according to their minute usage, so that five "open call-by-call" customers equals one customer in our reported number of customers. Hence, in the customer intake number for Q3 2004, we include some 200,000 new "open call-by-call" customers, of which more than 100,000 are as a one-off effect from redefining historic customer intake up until June 30, 2004. The total number of reported "open call-by-call" customers after this amounts to around 550,000.

**SOUTHERN EUROPE**

MSEK	Q3, 2004	Q3, 2003	Change
Operating revenue	3,854	3,341	+15%
EBITDA	183	288	-36%
EBIT	146	248	-41%

The market area **Southern Europe** encompasses operations in France, Italy, Spain, Switzerland, Portugal, the UK and Ireland and C<sup>3</sup> operations.

Fixed telephony and Internet ARPU for Southern Europe was SEK 165 (184) for Q3 2004.

In Southern Europe we saw an increase in churn during the quarter. The main factor has been the high level of marketing activity and aggressive win-back campaigns from the incumbents, which continued throughout the summer months. We have already taken steps to counter this increased churn and the initial signs for the fourth quarter are encouraging, signifying that our efforts have the desired impact.

In Q3 2003, Southern Europe had extensive cross-selling of dial-up Internet to its existing fixed telephony customers. This has not occurred in 2004, and the customer base within dial-up Internet has not increased in Q3 2004.

The launch of fixed telephony in the UK in Q4 2003 is estimated to have a result effect of some MSEK -500 during the first year of launch. The financial effect from the UK launch, together with our ADSL launch in Southern Europe, affects EBITDA comparability to last year by some MSEK -175.

In August, Tele2 announced that it would launch fixed telephony in Ireland as of September 1. Marketing and other functions are coordinated with our operations in the UK.

**BENELUX**

MSEK	Q3, 2004	Q3, 2003	Change
Operating revenue	1,064	966	+10%
EBITDA	87	57	+53%
EBIT	55	27	+104%

The market area **Benelux** includes operations in the Netherlands, Luxembourg (including Tango), Liechtenstein and Belgium and Transac Fixed telephony and Internet ARPU for Benelux was SEK 131 (152) for Q3 2004.

The Netherlands saw an increase in Fixed telephony and Internet churn in the quarter. As in Southern Europe, counter measures are being taken, and we expect to see results from these beginning in Q4 2004.

**SERVICES**

MSEK	Q3, 2004	Q3, 2003	Change
Operating revenue	52	39	+33%
EBITDA	35	10	
EBIT	24	4	

The market area **Services** includes 3C operations, ProcureITright, Radio Components and X-Source operations.

## Other items

### Investments

In Q3 2004, Tele2 acquired 17.2% of the fully diluted shares in Song Networks Holding AB. Tele2 issued a public cash offer for the remaining shares and convertible debentures of the company.

In Q3 2004, Tele2 acquired the outstanding 10% of the shares in the company that, through its 100% ownership in Tele2 Lithuania and its 52% ownership in Tele2 Estonia, conducts mobile telephony operations in the Baltic countries. After the acquisition, Tele2 owns 100% in Tele2 Estonia and Tele2 Lithuania.

Tele2 has in Q2 and Q3 2004 invested in a new billing system. The investments were MSEK 19 in Mobile telephony and MSEK 46 in Fixed telephony and Internet.

In Q1 2004, Tele2 increased its ownership in its mobile telephony operations in St Petersburg, Russia.

### Divestments

Tele2 is considering the divestment of its Swedish Cable TV operations and is negotiating with a number of potential buyers. If divested it will lead to a loss of MSEK 150-300, based on the current price negotiations.

On May 12, 2004 Tele2 sold its Cable TV operation in Estonia for MSEK 38. This resulted in a capital gain of MSEK 26, reported under other operating revenues. The operation had 46,000 customers at the time of the divestment.

### Parent company

At the Parent company level, Tele2 reported at September 30, 2004 operating revenue of MSEK 15 (13), EBIT of MSEK –35 (–55) and liquidity MSEK 21 compared to MSEK 1 at December 31, 2003.

At July 1, 2004, 6,173,141 class A shares have been reclassified into 6,173,141 class B shares (see Note 6).

### Events post September 30, 2004

On October 14, 2004, Tele2 announced that it has reached an agreement to acquire Austria's leading alternative operator, UTA, for MEUR 213 on a debt-free basis with consideration consisting of cash and assumed debt. The acquisition will benefit Tele2's existing operations in Austria by: making Tele2 the leading alternative telecom operator in the country, in both the residential and corporate segment; positioning Tele2 as the prime beneficiary of the ADSL opportunity; providing Tele2 with a network that will cover over 60% of the population by year-end 2004 with 146

ADSL PoP's and over 15,000 km of fiber optic network; complementing Tele2's operations by UTA's leading position in the corporate segment; and by complementing Tele2's existing product portfolio. The closing of this acquisition is subject to obtaining clearance from the respective Austrian anti-trust authorities.

The acquisition of UTA allows Tele2 to cut its costs significantly in Austria, where cost synergies are expected to amount to MEUR 30 on an annualized basis as of 2005. Synergies will be extracted from joint marketing, rationalizing overlapping functions, cross-selling to the existing and the new customer base, as well as from optimizing the network architecture and infrastructure. Integration costs are estimated to amount to around MEUR 30.

### Company disclosure

Tele2 will release the financial and operating result for the period ended December 31, 2004 on February 16, 2005.

Pursuant to the resolution of the Annual General Meeting of Tele2 in May 2004, a Nomination Group consisting of major shareholders in Tele2 has been created during the Autumn. As resolved at the 2004 AGM, Cristina Stenbeck is Chairman of the Nomination Group. The Nomination Group consists of: Cristina Stenbeck; Mats Guldbrand of AMF Pension; Björn Lind of SEB Asset Management and SEB Trygg Liv; and of Peter Rudman of Nordea Investment Funds. The Nomination Group will submit a proposal for the composition of the Board of Directors that will be presented to the 2005 Annual General Meeting for approval.

The Annual General Meeting of Tele2 will be held Wednesday, May 11, 2005. Shareholders who would like to suggest representatives for the Tele2 Board of Directors can contact [agm@tele2.com](mailto:agm@tele2.com), or send a letter to AGM, Tele2, Box 2094, SE-103 13 Stockholm, Sweden.

STOCKHOLM, OCTOBER 20, 2004

*Lars-Johan Jarnheimer*  
President and CEO, Tele2 AB

### Report review

The financial and operating results for this interim report have not been subject to specific review by the Company's auditors.

### CONFERENCE CALL DETAILS

A conference call to discuss the results will be held at 16.00 (CET) / 15.00 (UK time) / 10.00 (New York time), on October 20, 2004. The dial-in number is: +44 20 7784 1004 / +44 20 7098 0713 or US Toll Free: 1 866 850 2201. Please dial in 10 minutes prior to the start of the conference call to allow time for registration. A recording of the conference call will be available for 10 days after the call on: +44 20 7984 7578 or US Toll Free: 1 866 239 0765 with access code 735233#. The conference call will be web-cast on Tele2's website [www.Tele2.com](http://www.Tele2.com), along with the presentation material.

*Tele2 is Europe's leading and profitable alternative telecom operator. Tele2 always strives to offer the market's best prices. With our unique values, we provide cheap and simple telecom for all Europeans every day. We have close to 26 million customers in 24 countries. We offer products and services in fixed and mobile telephony, Internet access, data networks, cable TV and content services. Our main competitors are the former government monopolies. Tele2 was founded in 1993 by Jan Stenbeck and has been listed on Stockholmsbörsen since 1996. The share has also been listed on Nasdaq since 1997. Tele2 always strives to offer the market's best prices. In 2003 we had operating revenue of SEK 36,911 million and reported a profit of SEK 5,710 million (EBITDA).*

### CONTACTS

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### APPENDICES

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# Income statement

MSEK	Note	2004	2003	2004	2003
		Jan 1–Sep 30	Jan 1–Sep 30	Q3	Q3
Operating revenue	1	31,803	27,255	10,713	9,414
Operating expenses	2	–29,577	–25,066	–9,903	–8,574
Other operating revenues	3	70	54	15	9
Other operating expenses		–34	–45	–13	–14
Share of profit (loss) of associated companies		38	–9	1	–7
<b>Operating profit, EBIT</b>		<b>2,300</b>	<b>2,189</b>	<b>813</b>	<b>828</b>
Net interest and other financial expenses	4	–169	–446	–49	–143
<b>Profit after financial items, EBT</b>		<b>2,131</b>	<b>1,743</b>	<b>764</b>	<b>685</b>
Taxes	5	–1,041	–911	–343	–304
Minority interest		3	22	19	1
<b>Profit after taxes</b>		<b>1,093</b>	<b>854</b>	<b>440</b>	<b>382</b>
<b>Earnings per share after tax (SEK)</b>		7.41	5.79	2.98	2.59
<b>Earnings per share after tax, after dilution (SEK)</b>		7.39	5.78	2.98	2.58
Number of shares, basic	6	147,560,175	147,460,175		
Number of shares, weighted average	6	147,560,175	147,460,175		
Number of shares after dilution	6	148,179,675	148,223,175		
Number of shares after dilution, weighted average	6	147,873,875	147,811,279		

# Balance sheet

MSEK	Note	2004 Sep 30	2003 Sep 30	2003 Dec 31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		22,883	23,953	23,556
Tangible assets		8,521	9,177	9,036
Long-term financial assets	5	3,087	1,025	3,057
<b>Total fixed assets</b>		<b>34,491</b>	<b>34,155</b>	<b>35,649</b>
<b>Current assets</b>				
Materials and supplies		290	398	350
Current receivables		9,601	8,841	9,198
Cash and cash equivalents		3,361	3,386	2,773
<b>Total current assets</b>		<b>13,252</b>	<b>12,625</b>	<b>12,321</b>
<b>TOTAL ASSETS</b>		<b>47,743</b>	<b>46,780</b>	<b>47,970</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>		<b>30,974</b>	<b>28,479</b>	<b>30,360</b>
<b>Minority interests</b>		<b>2</b>	<b>13</b>	<b>7</b>
<b>Provisions</b>				
Shares in associated companies		6	–	6
Other provisions		19	26	20
<b>Total provisions</b>		<b>25</b>	<b>26</b>	<b>26</b>
<b>Long-term liabilities</b>				
Interest-bearing liabilities		3,232	6,251	4,775
<b>Total long-term liabilities</b>		<b>3,232</b>	<b>6,251</b>	<b>4,775</b>
<b>Short-term liabilities</b>				
Interest-bearing liabilities		2,410	2,411	2,461
Non-interest-bearing liabilities		11,100	9,600	10,341
<b>Total short-term liabilities</b>		<b>13,510</b>	<b>12,011</b>	<b>12,802</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47,743</b>	<b>46,780</b>	<b>47,970</b>

## Cash flow statement

MSEK	2004	2003	2004	2004	2004	2003	2003	2003
	Jan 1–Sep 30	Jan 1–Sep 30	Q3	Q2	Q1	Q4	Q3	Q2
Cash flows from operation	4,494	4,166	1,574	1,499	1,421	896	1,488	1,360
Change in working capital	226	414	12	6	208	498	218	138
<b>Cash flow provided by operating activities</b>	<b>4,720</b>	<b>4,580</b>	<b>1,586</b>	<b>1,505</b>	<b>1,629</b>	<b>1,394</b>	<b>1,706</b>	<b>1,498</b>
Capital expenditure in intangible and tangible assets, CAPEX	-1,089	-1,407	-324	-369	-396	-483	-424	-550
<b>Cash flow after CAPEX</b>	<b>3,631</b>	<b>3,173</b>	<b>1,262</b>	<b>1,136</b>	<b>1,233</b>	<b>911</b>	<b>1,282</b>	<b>948</b>
Change of long-term receivables	8	81	6	13	-11	-69	26	45
Sale of companies, less liquid funds	33	22	-	33	-	-1	22	-
Purchase of shares and participations	-1,076	-906	-1,050	-15	-11	-4	-89	-111
Liquid funds in purchased companies	-	212	-	-	-	-1	4	83
<b>Cash flow after investing activities</b>	<b>2,596</b>	<b>2,582</b>	<b>218</b>	<b>1,167</b>	<b>1,211</b>	<b>836</b>	<b>1,245</b>	<b>965</b>
Financing activities	-2,009	-1,469	-14	-2,111	116	-1,471	-1,052	-680
<b>Net change in cash</b>	<b>587</b>	<b>1,113</b>	<b>204</b>	<b>-944</b>	<b>1,327</b>	<b>-635</b>	<b>193</b>	<b>285</b>
Cash at beginning of period	2,773	2,473	3,179	4,194	2,773	3,386	3,339	3,014
Exchange difference in cash	1	-200	-22	-71	94	22	-146	40
<b>Cash at end of period*</b>	<b>3,361</b>	<b>3,386</b>	<b>3,361</b>	<b>3,179</b>	<b>4,194</b>	<b>2,773</b>	<b>3,386</b>	<b>3,339</b>
<i>*of which restricted funds</i>	<i>451</i>	<i>922</i>	<i>451</i>	<i>456</i>	<i>801</i>	<i>830</i>	<i>922</i>	<i>945</i>

## Changes of shareholders' equity

MSEK	2004	2003	2003
	Sep 30	Sep 30	Dec 31
Equity, January 1	30,360	28,728	28,728
Translation differences	-36	-1,103	-780
Dividend	-443	-	-
New issue	-	-	16
Profit, year-to-date	1,093	854	2,396
<b>Equity, end of period</b>	<b>30,974</b>	<b>28,479</b>	<b>30,360</b>

# Number of customers

Thousands	Note	Number of customers			Net intake					
		2004 Sep 30	2003 Sep 30	Change	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2
<b>Nordic</b>										
Mobile telephony		3,731	3,555	5%	50	45	36	45	68	182
Fixed telephony and Internet		2,796	2,928	-5%	-25	-54	-67	14	36	8
Cable TV		179	191	-6%	1	-1	1	-13	5	-11
		<b>6,706</b>	<b>6,674</b>	<b>0%</b>	<b>26</b>	<b>-10</b>	<b>-30</b>	<b>46</b>	<b>109</b>	<b>179</b>
<b>Baltic &amp; Russia</b>										
Mobile telephony		3,114	1,827	70%	435	327	148	377	218	181
Fixed telephony and Internet		57	57	0%	-1	1	-	-	-1	-2
Cable TV	3	21	64	-67%	1	-46	-	2	-1	1
		<b>3,192</b>	<b>1,948</b>	<b>64%</b>	<b>435</b>	<b>282</b>	<b>148</b>	<b>379</b>	<b>216</b>	<b>180</b>
<b>Central Europe</b>										
Mobile telephony		75	35	114%	7	13	5	15	15	11
Fixed telephony and Internet		4,983	2,837	76%	556	378	630	582	512	263
		<b>5,058</b>	<b>2,872</b>	<b>76%</b>	<b>563</b>	<b>391</b>	<b>635</b>	<b>597</b>	<b>527</b>	<b>274</b>
<b>Southern Europe</b>										
Mobile telephony		41	39	5%	-	-	1	1	2	1
Fixed telephony and Internet		8,365	6,698	25%	-10	267	661	749	631	256
		<b>8,406</b>	<b>6,737</b>	<b>25%</b>	<b>-10</b>	<b>267</b>	<b>662</b>	<b>750</b>	<b>633</b>	<b>257</b>
<b>Benelux</b>										
Mobile telephony		620	510	22%	33	42	17	18	36	27
Fixed telephony and Internet		1,944	1,633	19%	-31	64	136	142	116	146
		<b>2,564</b>	<b>2,143</b>	<b>20%</b>	<b>2</b>	<b>106</b>	<b>153</b>	<b>160</b>	<b>152</b>	<b>173</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>		<b>25,926</b>	<b>20,374</b>	<b>27%</b>	<b>1,016</b>	<b>1,036</b>	<b>1,568</b>	<b>1,932</b>	<b>1,637</b>	<b>1,063</b>
<b>BY BUSINESS AREA</b>										
Mobile telephony		7,581	5,966	27%	525	427	207	456	339	402
<i>Of which prepaid</i>		5,490	4,247	29%	403	351	138	351	312	375
Fixed telephony and Internet		18,145	14,153	28%	489	656	1,360	1,487	1,294	671
Cable TV	3	200	255	-22%	2	-47	1	-11	4	-10
<b>TOTAL NUMBER OF CUSTOMERS</b>		<b>25,926</b>	<b>20,374</b>	<b>27%</b>	<b>1,016</b>	<b>1,036</b>	<b>1,568</b>	<b>1,932</b>	<b>1,637</b>	<b>1,063</b>

# Operating revenue

MSEK	Note	2004 Jan 1–Sep 30	2003 Jan 1–Sep 30	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2
<b>Nordic</b>									
Mobile telephony		5,668	5,491	2,029	1,903	1,736	1,839	1,943	1,861
Fixed telephony and Internet		4,954	4,683	1,610	1,667	1,677	1,627	1,551	1,575
Cable TV		150	154	46	51	53	53	53	50
Other operations		253	198	85	89	79	83	69	66
Adjustments mobile Sweden	1	–	–	–	–	–	–374	–	–
Adjustments for internal sales		–670	–562	–211	–238	–221	–250	–189	–186
		<b>10,355</b>	<b>9,964</b>	<b>3,559</b>	<b>3,472</b>	<b>3,324</b>	<b>2,978</b>	<b>3,427</b>	<b>3,366</b>
<b>Baltic &amp; Russia</b>									
Mobile telephony		2,324	1,887	856	772	696	713	723	622
Fixed telephony and Internet		77	79	26	27	24	27	25	30
Cable TV		14	19	3	4	7	7	6	7
Adjustments for internal sales		–3	–6	–1	–1	–1	–2	–2	–2
		<b>2,412</b>	<b>1,979</b>	<b>884</b>	<b>802</b>	<b>726</b>	<b>745</b>	<b>752</b>	<b>657</b>
<b>Central Europe</b>									
Mobile telephony		59	33	24	19	16	25	15	12
Fixed telephony and Internet		3,961	2,692	1,389	1,299	1,273	1,171	993	862
Adjustments for internal sales		–366	–355	–113	–121	–132	–125	–119	–115
		<b>3,654</b>	<b>2,370</b>	<b>1,300</b>	<b>1,197</b>	<b>1,157</b>	<b>1,071</b>	<b>889</b>	<b>759</b>
<b>Southern Europe</b>									
Mobile telephony		24	25	8	8	8	7	9	8
Fixed telephony and Internet		12,916	10,614	4,153	4,379	4,384	4,033	3,527	3,671
Adjustments for internal sales		–882	–488	–307	–267	–308	–248	–195	–167
		<b>12,058</b>	<b>10,151</b>	<b>3,854</b>	<b>4,120</b>	<b>4,084</b>	<b>3,792</b>	<b>3,341</b>	<b>3,512</b>
<b>Benelux</b>									
Mobile telephony		861	677	322	291	248	266	264	221
Fixed telephony and Internet		2,415	2,036	770	812	833	798	717	684
Cable TV		4	9	–2	5	1	2	3	3
Other operations		5	23	1	–	4	–2	6	7
Adjustments for internal sales		–117	–69	–27	–46	–44	–36	–24	–23
		<b>3,168</b>	<b>2,676</b>	<b>1,064</b>	<b>1,062</b>	<b>1,042</b>	<b>1,028</b>	<b>966</b>	<b>892</b>
<b>Services</b>									
Fixed telephony and Internet		21	36	7	7	7	7	11	11
Other operations		277	172	101	92	84	86	60	57
Adjustments for internal sales		–142	–93	–56	–41	–45	–51	–32	–29
		<b>156</b>	<b>115</b>	<b>52</b>	<b>58</b>	<b>46</b>	<b>42</b>	<b>39</b>	<b>39</b>
<b>TOTAL OPERATING REVENUE</b>		<b>31,803</b>	<b>27,255</b>	<b>10,713</b>	<b>10,711</b>	<b>10,379</b>	<b>9,656</b>	<b>9,414</b>	<b>9,225</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony		8,936	8,113	3,239	2,993	2,704	2,850	2,954	2,724
Fixed telephony and Internet		24,344	20,140	7,955	8,191	8,198	7,663	6,824	6,833
Cable TV		168	182	47	60	61	62	62	60
Other operations		535	393	187	181	167	167	135	130
Adjustments mobile Sweden	1	–	–	–	–	–	–374	–	–
Adjustments for internal sales		–2,180	–1,573	–715	–714	–751	–712	–561	–522
<b>TOTAL OPERATING REVENUE</b>		<b>31,803</b>	<b>27,255</b>	<b>10,713</b>	<b>10,711</b>	<b>10,379</b>	<b>9,656</b>	<b>9,414</b>	<b>9,225</b>

# EBITDA

MSEK	Note	2004 Jan 1–Sep 30	2003 Jan 1–Sep 30	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 kv 2
<b>Nordic</b>									
Mobile telephony		2,196	2,493	787	705	704	806	909	821
Fixed telephony and Internet		733	685	219	254	260	211	236	199
Cable TV		26	31	6	7	13	9	14	9
Other operations		-10	-2	-12	3	-1	2	-1	1
Adjustments mobile Sweden	1	-	-	-	-	-	-374	-	-
		<b>2,945</b>	<b>3,207</b>	<b>1,000</b>	<b>969</b>	<b>976</b>	<b>654</b>	<b>1,158</b>	<b>1,030</b>
<b>Baltic &amp; Russia</b>									
Mobile telephony		740	650	241	271	228	159	221	211
Fixed telephony and Internet		-7	5	-2	-3	-2	-13	8	-4
Cable TV	3	26	-1	-	26	-	-	-	1
		<b>759</b>	<b>654</b>	<b>239</b>	<b>294</b>	<b>226</b>	<b>146</b>	<b>229</b>	<b>208</b>
<b>Central Europe</b>									
Mobile telephony		-36	-40	-15	-14	-7	-13	-12	-15
Fixed telephony and Internet		199	-257	129	55	15	7	-95	-83
		<b>163</b>	<b>-297</b>	<b>114</b>	<b>41</b>	<b>8</b>	<b>-6</b>	<b>-107</b>	<b>-98</b>
<b>Southern Europe</b>									
Mobile telephony		-10	-3	-3	-	-7	-1	-1	-
Fixed telephony and Internet		627	940	186	247	194	168	289	353
		<b>617</b>	<b>937</b>	<b>183</b>	<b>247</b>	<b>187</b>	<b>167</b>	<b>288</b>	<b>353</b>
<b>Benelux</b>									
Mobile telephony		174	86	49	60	65	67	42	32
Fixed telephony and Internet		148	53	43	49	56	36	19	13
Cable TV		-13	-6	-5	-5	-3	-3	-3	-1
Other operations		-4	-1	-	-	-4	-9	-1	1
		<b>305</b>	<b>132</b>	<b>87</b>	<b>104</b>	<b>114</b>	<b>91</b>	<b>57</b>	<b>45</b>
<b>Services</b>									
Fixed telephony and Internet		-1	1	-	-	-1	3	1	-3
Other operations		60	19	35	13	12	2	9	3
		<b>59</b>	<b>20</b>	<b>35</b>	<b>13</b>	<b>11</b>	<b>5</b>	<b>10</b>	<b>-</b>
<b>TOTAL EBITDA</b>		<b>4,848</b>	<b>4,653</b>	<b>1,658</b>	<b>1,668</b>	<b>1,522</b>	<b>1,057</b>	<b>1,635</b>	<b>1,538</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony		3,064	3,186	1,059	1,022	983	1,018	1,159	1,049
Fixed telephony and Internet		1,699	1,427	575	602	522	412	458	475
Cable TV	3	39	24	1	28	10	6	11	9
Other operations		46	16	23	16	7	-5	7	5
Adjustments mobile Sweden	1	-	-	-	-	-	-374	-	-
<b>TOTAL EBITDA</b>		<b>4,848</b>	<b>4,653</b>	<b>1,658</b>	<b>1,668</b>	<b>1,522</b>	<b>1,057</b>	<b>1,635</b>	<b>1,538</b>
<b>EBITDA MARGIN</b>									
Nordic	1	28%	32%	28%	28%	29%	22%	34%	31%
Baltic & Russia	3	31%	33%	27%	37%	31%	20%	30%	32%
Central Europe		4%	-13%	9%	3%	1%	-1%	-12%	-13%
Southern Europe		5%	9%	5%	6%	5%	4%	9%	10%
Benelux		10%	5%	8%	10%	11%	9%	6%	5%
Services		38%	17%	67%	22%	24%	12%	26%	0%
<b>TOTAL EBITDA MARGIN</b>		<b>15%</b>	<b>17%</b>	<b>15%</b>	<b>16%</b>	<b>15%</b>	<b>11%</b>	<b>17%</b>	<b>17%</b>

# EBIT

MSEK	Note	2004 Jan 1–Sep 30	2003 Jan 1–Sep 30	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2
<b>Nordic</b>									
Mobile telephony	2	1,908	2,180	678	618	612	686	804	715
Fixed telephony and Internet	2	449	371	128	157	164	12	135	95
Cable TV		-16	-15	-8	-7	-1	-6	-1	-6
Other operations		-13	-8	-13	2	-2	-1	-2	-1
Adjustments mobile Sweden	1	-	-	-	-	-	-374	-	-
		<b>2,328</b>	<b>2,528</b>	<b>785</b>	<b>770</b>	<b>773</b>	<b>317</b>	<b>936</b>	<b>803</b>
<b>Baltic &amp; Russia</b>									
Mobile telephony		337	393	113	129	95	61	146	104
Fixed telephony and Internet		-8	4	-2	-4	-2	-13	6	-2
Cable TV	3	23	-8	-1	26	-2	-2	-1	-3
		<b>352</b>	<b>389</b>	<b>110</b>	<b>151</b>	<b>91</b>	<b>46</b>	<b>151</b>	<b>99</b>
<b>Central Europe</b>									
Mobile telephony		-43	-46	-17	-16	-10	-15	-14	-17
Fixed telephony and Internet		65	-377	80	10	-25	-37	-137	-124
		<b>22</b>	<b>-423</b>	<b>63</b>	<b>-6</b>	<b>-35</b>	<b>-52</b>	<b>-151</b>	<b>-141</b>
<b>Southern Europe</b>									
Mobile telephony		-10	-3	-3	-	-7	-1	-	-1
Fixed telephony and Internet		490	811	149	196	145	129	248	313
		<b>480</b>	<b>808</b>	<b>146</b>	<b>196</b>	<b>138</b>	<b>128</b>	<b>248</b>	<b>312</b>
<b>Benelux</b>									
Mobile telephony		101	18	24	35	42	43	17	10
Fixed telephony and Internet	2	128	28	36	43	49	-45	14	6
Cable TV		-17	-10	-6	-6	-5	-5	-3	-4
Other operations		-6	-5	1	-2	-5	-11	-1	-
		<b>206</b>	<b>31</b>	<b>55</b>	<b>70</b>	<b>81</b>	<b>-18</b>	<b>27</b>	<b>12</b>
<b>Services</b>									
Fixed telephony and Internet		-3	-1	-1	-	-2	-	1	-4
Other operations		33	5	25	4	4	-4	3	-
		<b>30</b>	<b>4</b>	<b>24</b>	<b>4</b>	<b>2</b>	<b>-4</b>	<b>4</b>	<b>-4</b>
Group adjustments, depreciation/amortization	2	-1,118	-1,148	-370	-378	-370	-740	-387	-388
<b>TOTAL EBIT</b>		<b>2,300</b>	<b>2,189</b>	<b>813</b>	<b>807</b>	<b>680</b>	<b>-323</b>	<b>828</b>	<b>693</b>
<b>BY BUSINESS AREA</b>									
Mobile telephony	2	2,293	2,542	795	766	732	774	953	811
Fixed telephony and Internet	2	1,121	836	390	402	329	46	267	284
Cable TV	3	-10	-33	-15	13	-8	-13	-5	-13
Other operations		14	-8	13	4	-3	-16	-	-1
Adjustments mobile Sweden	1	-	-	-	-	-	-374	-	-
Group adjustments, depreciation/amortization	2	-1,118	-1,148	-370	-378	-370	-740	-387	-388
<b>TOTAL EBIT</b>		<b>2,300</b>	<b>2,189</b>	<b>813</b>	<b>807</b>	<b>680</b>	<b>-323</b>	<b>828</b>	<b>693</b>
<b>EBIT MARGIN</b>									
Nordic	1,2	22%	25%	22%	22%	23%	11%	27%	24%
Baltic & Russia	3	15%	20%	12%	19%	13%	6%	20%	15%
Central Europe		1%	-18%	5%	-1%	-3%	-5%	-17%	-19%
Southern Europe		4%	8%	4%	5%	3%	3%	7%	9%
Benelux	2	7%	1%	5%	7%	8%	-2%	3%	1%
Services		19%	3%	46%	7%	4%	-10%	10%	-10%
<b>TOTAL EBIT MARGIN</b>		<b>7%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>-3%</b>	<b>9%</b>	<b>8%</b>

## Investments, CAPEX

MSEK	2004 Jan 1–Sep 30	2003 Jan 1–Sep 30	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2
<b>MARKET AREAS</b>								
Nordic	337	368	90	141	106	86	111	122
Baltic & Russia	411	687	139	94	178	221	234	278
Central Europe	135	110	32	67	36	53	29	48
Southern Europe	97	120	35	41	21	14	29	27
Benelux	72	101	21	8	43	54	18	61
Services	37	21	7	18	12	55	3	14
<b>Investments in intangible and tangible assets</b>	<b>1,089</b>	<b>1,407</b>	<b>324</b>	<b>369</b>	<b>396</b>	<b>483</b>	<b>424</b>	<b>550</b>
<b>Investments, non-cash transactions</b>								
Finance lease	–	–	–	–	–	5	–	–
<b>TOTAL, CAPEX</b>	<b>1,089</b>	<b>1,407</b>	<b>324</b>	<b>369</b>	<b>396</b>	<b>488</b>	<b>424</b>	<b>550</b>
<b>BUSINESS AREAS</b>								
Mobile telephony	666	889	195	182	289	361	279	366
Fixed telephony and Internet	378	467	121	166	91	78	132	165
Cable TV	6	31	2	2	2	1	10	9
Other operations	39	20	6	19	14	43	3	10
<b>Investments in intangible and tangible assets</b>	<b>1,089</b>	<b>1,407</b>	<b>324</b>	<b>369</b>	<b>396</b>	<b>483</b>	<b>424</b>	<b>550</b>
<b>Investments, non-cash transactions</b>								
Finance lease	–	–	–	–	–	5	–	–
<b>TOTAL, CAPEX</b>	<b>1,089</b>	<b>1,407</b>	<b>324</b>	<b>369</b>	<b>396</b>	<b>488</b>	<b>424</b>	<b>550</b>

## Tele2 operations in Sweden\*

MSEK	Note	2004 Jan 1–Sep 30	2003 Jan 1–Sep 30	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2
<b>Operating revenue</b>									
Mobile telephony		4,826	4,989	1,681	1,622	1,523	1,637	1,748	1,697
Fixed telephony and Internet		2,904	2,817	938	970	996	976	937	950
Cable TV		150	141	46	51	53	50	49	46
Adjustments mobile	1	–	–	–	–	–	–374	–	–
<b>Total</b>		<b>7,880</b>	<b>7,947</b>	<b>2,665</b>	<b>2,643</b>	<b>2,572</b>	<b>2,289</b>	<b>2,734</b>	<b>2,693</b>
<b>EBITDA</b>									
Mobile telephony		2,201	2,545	773	716	712	780	919	857
Fixed telephony and Internet		588	540	186	201	201	174	197	158
Cable TV		26	27	6	7	13	8	13	7
Adjustments mobile	1	–	–	–	–	–	–374	–	–
<b>Total</b>		<b>2,815</b>	<b>3,112</b>	<b>965</b>	<b>924</b>	<b>926</b>	<b>588</b>	<b>1,129</b>	<b>1,022</b>
<b>EBITDA margin</b>									
Mobile telephony		46%	51%	46%	44%	47%	48%	53%	51%
Fixed telephony and Internet		20%	19%	20%	21%	20%	18%	21%	17%
Cable TV		17%	19%	13%	14%	25%	16%	27%	15%
<b>Total</b>		<b>36%</b>	<b>39%</b>	<b>36%</b>	<b>35%</b>	<b>36%</b>	<b>26%</b>	<b>41%</b>	<b>38%</b>
<b>EBIT</b>									
Mobile telephony		1,938	2,240	674	637	627	663	817	755
Fixed telephony and Internet		360	301	112	125	123	7	125	75
Cable TV		–16	–17	–8	–7	–1	–6	–1	–8
Adjustments mobile	1	–	–	–	–	–	–374	–	–
<b>Total</b>		<b>2 282</b>	<b>2 524</b>	<b>778</b>	<b>755</b>	<b>749</b>	<b>290</b>	<b>941</b>	<b>822</b>
<b>EBIT margin</b>									
Mobile telephony		40%	45%	40%	39%	41%	41%	47%	44%
Fixed telephony and Internet		12%	11%	12%	13%	12%	1%	13%	8%
Cable TV		–11%	–12%	–17%	–14%	–2%	–12%	–2%	–17%
<b>Total</b>		<b>29%</b>	<b>32%</b>	<b>29%</b>	<b>29%</b>	<b>29%</b>	<b>13%</b>	<b>34%</b>	<b>31%</b>

\*Tele2 Sverige AB, Optimal Telecom AB, Cable TV operations in Sweden and profit/loss from share in the joint venture Svenska UMTS-nät AB

## Five year summary

	2004 Jan 1–Sep 30	2003 Jan 1–Sep 30	2003	2002	2001	2000
<b>Income Statement and Balance Sheet (MSEK)</b>						
Operating revenue	31,803	27,255	36,911	31,282	25,085	12,440
EBITDA	4,848	4,653	5,710	5,127	1,698	1,820
EBIT	2,300	2,189	1,866	1,494	-1,323	376
EBT	2,131	1,743	1,267	796	-1,944	165
Profit (loss) after taxes	1,093	854	2,396	223	392	-396
Shareholders' equity	30,974	28,479	30,360	28,728	29,517	26,539
Shareholders' equity, after dilution	31,034	28,542	30,419	28,757	29,547	26,584
Total assets	47,743	46,780	47,970	46,872	49,258	42,397
Cash flow provided by operating activities	4,720	4,580	5,974	4,365	413	883
Liquidity	4,324	3,716	3,444	2,332	1,625	1,304
Net borrowing	2,251	5,232	4,427	7,729	9,286	7,095
Investments in intangible and tangible assets, CAPEX	1,089	1,407	1,895	1,956	2,162	1,514
Investments in shares and long-term receivables	1,035	591	767	626	304	20,512
<b>Key ratios</b>						
Solidity, %	65	61	63	61	60	63
Debt/equity ratio, %	0.07	0.18	0.15	0.27	0.31	0.27
EBITDA margin, %	15.2	17.1	15.5	16.4	6.8	14.6
EBIT margin, %	7.2	8.0	5.1	4.8	-5.3	3.0
Return on shareholders' equity, %	3.6	3.0	8.1	0.8	1.4	-2.4
Return on shareholders' equity, after dilution, %	3.6	3.0	8.1	0.8	1.4	-2.4
Return on capital employed, %	6.4	6.0	5.0	3.9	-3.3	1.9
Average interest rate, %	3.6	5.3	5.0	6.4	6.3	4.8
<b>Per share data (SEK)</b>						
Profit (loss)	7.41	5.79	16.25	1.51	2.70	-3.47
Profit (loss), after dilution	7.39	5.78	16.20	1.51	2.70	-3.47
Shareholders' equity	209.91	193.13	205.88	194.95	203.56	232.62
Shareholders' equity, after dilution	209.87	193.10	205.71	194.79	203.46	232.74
Cash flow from operating activities	31.99	31.06	40.51	29.62	2.85	7.74
Dividend	-	-	3.00	-	-	-
Market value at closing day	271.00	338.00	384.00	230.50	378.00	392.00

# Notes

## Accounting principles and definitions

The Interim report has been prepared in accordance with recommendation RR20 of the Swedish Financial Accounting Standards Council. In 2004, Tele2 has improved the accounting of profit/loss in associated companies, from previously having reported these as a item between operating profit and financial items to including them in the operating profit (EBIT) but not in EBITDA. The new principle better reflects Tele2's operations, where profit/loss from the 3G company is viewed to be of an operating rather than of a financial nature, at the same time as shares of result from 3G company, which to a large extent will consist of depreciations, do not affect the EBITDA for Tele2 Group. Tele2 has in all other respect reported its interim report in accordance with the accounting principles and methods used in the Annual Report and Accounts for the financial year of 2003. Definitions are stated in the Annual Report for 2003.

### Note 1. Adjustment: Operating revenue

Revenue from mobile telephony is shown as calls are made, which means that sold but not yet used prepaid cards should not be included in revenues. To estimate this, revenues in Sweden have, up until Q3 2003, been recognized according to a model that has been used unchanged since the start of Tele2's prepaid telephony in 1997, rather than a system to measure the value of sold but not used prepaid cards. In Q4 2003, Comviq brought such a system into use, and it was established that sold but not used prepaid cards have been undervalued by around MSEK -374 in total for the period 1997 through 30 September, 2003, of which MSEK -95 is related to 2003.

### Note 2. Adjustment: Operating expenses

As a result of valuation of loss-carry-forwards for some companies in Continental Europe to their full value in Q4 2003 the part of loss carry forwards that existed when Tele2 acquired SEC and that could have reduced goodwill by MSEK 322, is accounted for as a write-down according to the Swedish Financial Accounting Standards Council's recommendation RR9-Income taxes.

Write-downs on fixed assets amounted to MSEK 172 was made in Q4 2003 and relate to Atlantic undersea cable, in which Tele2 Sweden and Tele2 Luxembourg invested in the late 1990s. They are expensed as a result of Tele2's assessment of continued excess supply of capacity.

### Note 3. Disposal of cable TV operation

On May 12, 2004 Tele2 sold its Estonian cable TV operation for MSEK 38. The sale resulted in a capital gain of MSEK 26, reported as other operating revenue. The number of customers at the time for disposal totalled to 46,000.

### Note 4. Adjustment: Net interest and other financial expenses

The Q4 2003 result is affected by a write-down of MSEK 75 regarding shares in TravelLink AB.

### Note 5. Adjustment: Taxes

At September 30, 2004 and December 31, 2003 the total deferred tax receivable for the group is MSEK 1,718 and MSEK 2,459 respectively, and is included in the item "Long-term financial assets".

### Note 6. Shares and Convertibles

At September 30, 2004 and December 31, 2003 Tele2 has outstanding warrants, corresponding to 619,500 B shares and 643,500 B shares respectively, with a subscription price of SEK 191 per share and a subscription period from 2005 to 2007.

At July 1, 2004, 6,173,141 class A shares were reclassified into class B shares. The reclassification was made in accordance with the resolution passed at the Annual General Meeting on May 12, 2004. The number of class A shares following the reclassification is 15,516,663 and the number of class B shares is 132,043,512. The total number of outstanding shares remains unchanged at 147,560,175.

### Note 7. UMTS-nät AB in Sweden

Tele2 and TeliaSonera each own 50% of Svenska UMTS-nät AB, which has a 3G license in Sweden. Both companies have injected capital in Svenska UMTS-nät AB. In addition to this, the build out has external financing, with a loan facility of SEK 7 billion, which is 50% guaranteed by each party. Tele2 and TeliaSonera are technically MVNO's with the 3G company and hence act as capacity purchasers. In the longer run the cost will be variable in relation to purchased volume but until a certain volume threshold is reached the fees are equal for both parties. The size of the fee is mainly proportional to the total investment. The 3G company is to generate a certain return which in simple terms means that depreciation and interest costs will be covered by a certain margin. In Tele2's quarterly reports an abbreviated version of Svenska UMTS-nät AB's balance sheet will be disclosed and hence the level of investment at that time.

Tele2's investments in the 3G company are included in EBIT as a share of results from associated companies, as described under Accounting principles. This means that a positive result for the 3G company is settled against the cost for purchasing capacity on EBIT-level.

At September 30, 2004 Tele2's guarantee amounted to MSEK 707 compared to MSEK 363 at December 31, 2003. The balance sheet for Svenska UMTS-nät AB at September 30, 2004 is stated below:

	<b>MSEK</b>
Fixed assets	2,259
Other current assets	228
Liquid funds	66
<b>Total assets</b>	<b>2,553</b>
	<b>MSEK</b>
Equity	1,049
Long-term liabilities	1,414
Short-term liabilities	90
<b>Total equity and liabilities</b>	<b>2,553</b>

# Tele2 has an important mission

MISSION AND VALUES. Tele2 has an important mission: cheap and simple telecom for all Europeans. Our values are not there just for the sake of it. They are an important support in the day-to-day work in our Group.

## Our mission

Cheap and simple telecom for all Europeans

## Our work is marked by...

**Flexibility.** Positioned close to the customers' needs and fast-acting.

**Openness.** Unity, straight answers and a simple organization.

**Cost-consciousness.** Careful with money, investing as late as possible and always questioning costs.

## ...and we do so by

**Copying with pride.** Making it simple, copying what works and, above all, not changing what is successful.

**Challenging.** Doing the impossible by going our own way.

**Acting.** Focusing on the solutions, not the problems. Reveling in speed and celebrating our successes.

## Tele2 is Europe's leading and profitable alternative telecom operator.

With our unique values, we provide cheap and simple telecom for all Europeans every day. We have close to 25 million customers in 24 countries. We offer products and services in fixed and mobile telephony, Internet access, data networks, cable TV and content services. Our main competitors are the former government monopolies. Tele2 was founded in 1993 by Jan Stenbeck and has been listed on Stockholmsbörsen since 1996. The share has also been listed on Nasdaq since 1997. Tele2 always strives to offer the market's best prices. Tele2 always strives to offer the market's best prices.



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